

CASE STUDIES

Ambush Marketing Case Study: successfully leveraging high-profile events to raise brand profile

Understanding how and why brands look to ambush events

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DATAMONITOR VIEW

CATALYST

Dutch alcohol brand Bavaria Beer sparked a major debate in marketing circles as a result of its attempted ambush of official sponsor Budweiser during the 2010 FIFA World Cup in South Africa. While some within the industry have criticized the strategy for its perceived unfairness and insincerity, others are praising its creativity and effectiveness. This case study investigates the concept of ambush marketing by focusing on the recent World Cup example, but also reflects on how select companies that have historically used it effectively or ineffectively.

SUMMARY

- Bavaria Beer's ambush of Budweiser during the early stages of the 2010 FIFA World Cup was initially thought to be largely unsuccessful in that it was spotted by event organizers, who removed and punished the participants. However, the subsequent media interest and criticism of FIFA's handling of the situation resulted in Bavaria Beer receiving a tremendous boost in profile around the world, transforming the move into a big success.
- Global-scale sporting events are often the prize target for ambushers. The sheer money that is involved in such events makes them highly lucrative to be affiliated with. Over time, organizers have become savvier to the attempts of ambushers to generate buzz without paying for official sponsorship deals. However, there have still been recent examples of creative ways of circumnavigating restrictions.
- Although ambush marketing leads to positive outcomes when successfully executed, the perceived lack of ethics that surround the practice, certainly in some circles, makes it a risky strategy. Ambushes can lead to bad publicity, alienation among powerful bodies, and are sometimes subject to aggressive counter-measures which can potentially damage the brand image severely. The risk/reward conundrum means that companies must consider all the possible outcomes (both positive and negative) before embracing these tactics.

ANALYSIS

What is ambush marketing?

When embracing ambush marketing a brand attempts to attach itself to an event without paying official sponsorship rights. Certain requirements must be adhered to (usually the avoidance of using specific terms and slogans in marketing), but if executed correctly the practice is entirely legal. However, ambush marketing poses certain ethical and moral questions which could potentially have a negative effect on a company or brand's image/reputation.

Figure 1 outlines a definition of ambush marketing, as well as a comparison with similar—and sometimes confused—marketing approaches (guerilla and host-parasite marketing). All have their associated advantages and disadvantages, but it is ambush marketing which provides the focus for this particular case study.

Figure 1: Definitions of ambush, guerilla and host-parasite marketing	
Type of marketing	Definition
Ambush	A deliberate attempt by an organization to associate itself with an event (often a sporting event) in order to gain some of the benefits associated with being an official sponsor without incurring the costs of sponsorship. For example by advertising during broadcasts of the event.
Guerilla	The strategy of targeting small and specialized customer groups in such a way that bigger companies will not find it worthwhile to retaliate.
Host-parasite	Where one business uses another to generate sales through a referral/referral fee relationship.

Source: Datamonitor analysis, adapted from the Chartered Institute of Marketing **DATAMONITOR**

Although the terms sound like they have negative connotations, they are all legitimate marketing practices which can be extremely effective. It is ambush marketing though that requires the most attention, both from a legal standpoint and to ensure that it works effectively.

According to Prof. Simon Chadwick and Andrew Burton (published in the Center for the International Business of Sport, 2009) there are several different types of ambush marketing which fall under two distinct groupings, as summarized by Figure 2 below. The 'direct ambush' activities are closer to being (or, in some cases, are actually) illegal. They are generally the more forceful and impactful forms of marketing but carry the most risk as well. This demonstrates how there are a large number of subtleties when it comes to ambush marketing. Although there are more ways of carrying out an indirect ambush, they are generally less effective in terms of being noticed. Distractive ambushing, for example, relies on consumers drawing a parallel with something completely unrelated, which is far from guaranteed. Other types, such as incidental or unintentional ambushes are relatively rare and cannot be relied upon to generate publicity given this fact. Direct ambushes, on the other hand, carry more risk but can also be considerably more rewarding.

Figure 2: There are several different types of ambush marketing, which can either be classified as direct or indirect

DIRECT AMBUSH ACTIVITIES	INDIRECT AMBUSHES
Predatory Ambushing – intentionally attacking a rival's official sponsorship in an effort to gain market share and to confuse consumers as to who the official sponsor is Coattail Ambushing – the attempt by a brand to directly associate itself with a property or event by using a legitimate link other than becoming an official sponsor of the property or event. Property Infringement – the intentional unauthorized use of protected intellectual property Self-Ambushing – marketing activities by an official sponsor above and beyond what has been agreed on in the sponsorship contract	Associative Ambushing – the use of imagery or terminology to create an allusion that an organization has links to a sporting event or property Distractive Ambushing – setting up a promotional presence at or near an event without making specific reference to the event itself Values Ambushing – the use of an event or property's central value or theme to imply an association with the property in the mind of the consumer Insurgent Ambushing – the use of surprise street-style promotions at or near an event Parallel Property Ambushing – the creation or sponsorship of an event or property that is somehow related to the ambush target and competes with it for the public's attention Incidental Ambushing – when consumers think that a brand is a sponsor or is associated with an event or property without any attempt on the brand's part to establish such a connection Unintentional Ambushing – sometimes media coverage will mention equipment or clothing used by an athlete, or a company that is providing a service in support of an event Saturation Ambushing – saturation ambushers increase their advertising and marketing at the time of an event, but make no reference to the event itself and avoid any associative imagery or suggestion

Source: adapted from Chadwick and Burton, MIT Sloan

DATAMONITOR

Bavaria Beer's ambush at the 2010 FIFA World Cup sparked a renewed debate about the relative merits and morals of ambush marketing

On June 14 2010, Bavaria Beer was accused of initiating an ambush during the FIFA World Cup soccer match between Denmark and the brand's home country of the Netherlands. Mid-way through the game, 36 female members of the crowd were ejected by FIFA security (FIFA is the governing body of world soccer), with the FIFA citing "a clear ambush marketing activity by a Dutch brewery company". The crowd members were all models, dressed in identical orange dresses which were part of a gift pack offered by Bavaria Beer. Although the company had made efforts to ensure that the dresses were

recognized in association with the beer (Sylvia van der Vaart, wife of the prominent Dutch soccer star Rafael, was approached to model the dress to raise brand awareness) the ambush itself was likely to be low-key until the ensuing controversy elevated the stunt to an issue reported worldwide across all media platforms.

FIFA was criticized for its handling of the situation, going so far as to arrest two of the participants for their role in orchestrating the ambush. Many felt that the punishment was too severe, but FIFA insisted with some justification that it was going to necessary lengths possible to protect the interests of its official sponsors. Ironically, the heavy-handedness of the actions taken by FIFA has probably guaranteed the brand far more exposure than if they had allowed the ambush to continue unpunished. As far as organizing bodies are concerned, this highlights the importance of judging the appropriateness of a response. Successful ambushes are by their very nature difficult to defend against, so there must be a high degree of consideration regarding how the media and general public will respond to the defense.



This was not the first time Bavaria Beer ambushed the FIFA World Cup. In June 2006, the brand gave out free branded orange lederhosen to around 1,000 Dutch fans to wear at a game between the Netherlands and Ivory Coast. The fans were not allowed into the stadium wearing the lederhosen, and instead were forced to watch in their underwear. The fact that ambushes have occurred at consecutive events heightens anticipation about what the brand might do next time (in 2014, when the World Cup is to be held in Brazil). This kind of elevated interest/anticipation in a brands' activities give it a stronger platform to generate added exposure (and possibly sales), which only serves to highlight the attraction of embracing ambush marketing.

Ambushing is an enticing option to companies given its potential to be extremely effective at a far lower cost than paying for official endorsement privileges

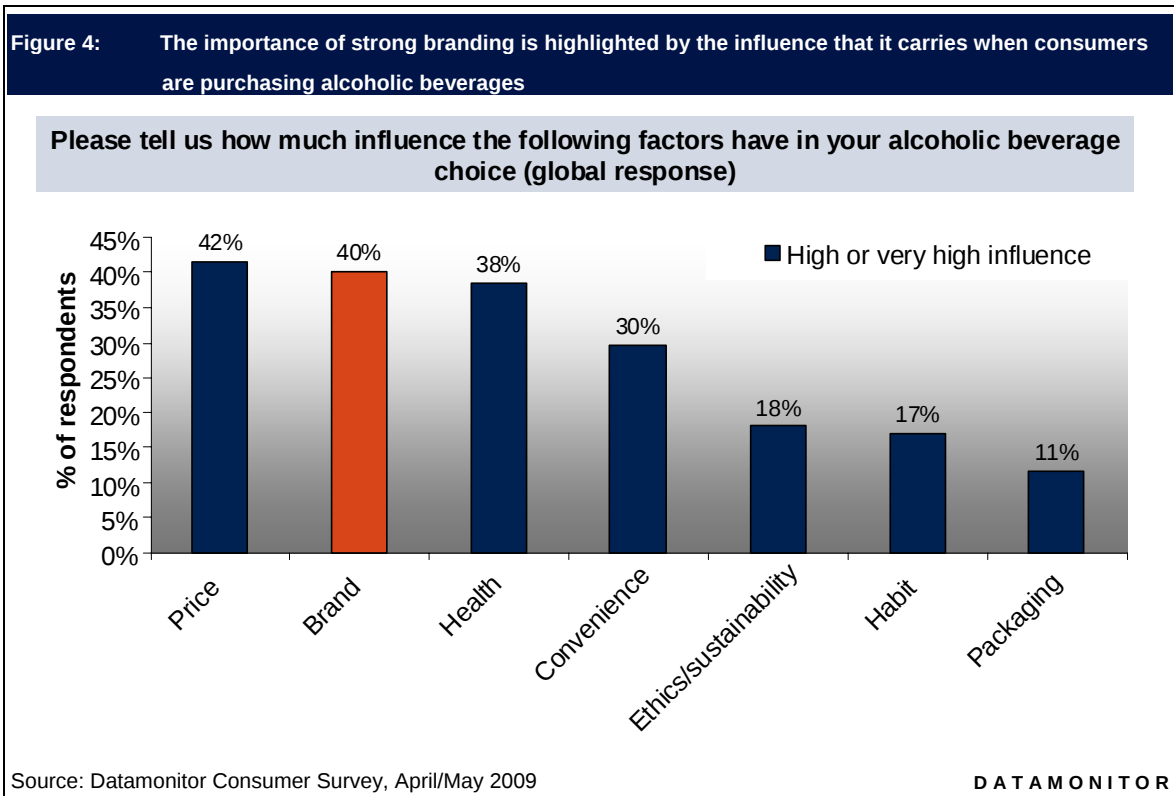
The primary goal of ambush marketing is to increase brand awareness. Unlike guerilla marketing, where careful placement usually has only a modest effect on brand awareness, the large-scale targets of ambush marketers facilitate opportunities to expose a brand to a wide (global) audience.

Major sporting events such as the Olympic Games and FIFA World Cup are billion dollar occasions. According to sponsorship experts IEG, the 2010 FIFA World Cup will generate circa \$1.6bn in sponsorship revenue. Major sponsors such as Adidas and Visa have paid around \$350m to be official affiliates, while Sony has also signed a deal worth in excess of \$300m. Such enormous figures emphasize how potentially lucrative effective marketing can be when associated with such popular attractions. It is therefore inevitable that these types of events are most at risk of ambush when the rewards can be so great.

Beer sales peak during a World Cup due to the communal element of viewing games and the fact that soccer mostly appeals to the male demographic (which tends to favor beer as its choice of alcoholic beverage). It is therefore easy to see why Bavaria Beer has attempted to ambush its rivals on this stage. Highlighting this, UK supermarket chain ASDA reported that it expected a 37% increase in beer sales during the month-long tournament. The first match involving England saw 12 million pints of beer sold, according to the British Beer and Pub Association. UK Retailer Marks & Spencer announced that sales of its own-brand beer had doubled during a World Cup promotion. Meanwhile, in the home nation of South Africa, SABMiller's beer sales exceeded expectations, selling 130,000 hectoliters more than it could expect during a normal June-July sales period. This was 30,000 hectoliters more than anticipated, equating to an additional 44m 340ml beers. Japanese brewer Kirin anticipated a 4% increase in total sales as a result of the competition, while South Korean retailers GS25 and Bokwang Family Mart have both reported a doubling of sales following the participation of their team.

Figure 4 below showcases the influence of branding in the alcoholic drinks industry. When asked as part of Datamonitor's 2009 consumer survey, global respondents ranked 'brand name' second, behind only 'price' in terms of perceived influence on product choice. In total, two-fifths (40%) of consumers worldwide felt that brand name had either a 'high' or 'very high' influence on their alcohol consumption choices, while a further 39% stated it had a 'medium' amount of influence.

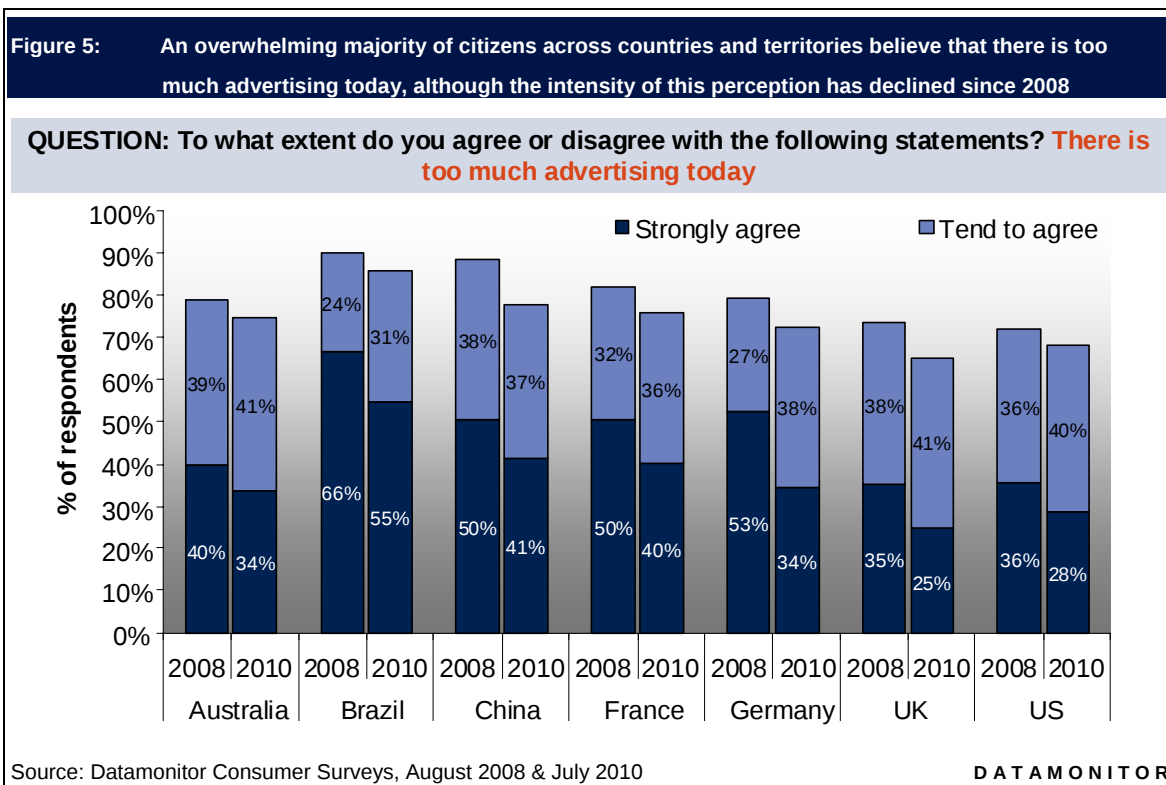
Interestingly, in the immediate aftermath of the ambush, the brand's website Bavaria.com, which was little-visited outside of its core markets, was the fifth most visited beer website according to Experian Hitwise.



However, consumers are expressing advertising fatigue and ambush marketing can exacerbate this

Companies must also bear in mind that consumers are becoming increasingly fatigued with, and skeptical regarding, what is often perceived as too much advertising. Quite simply, many companies relentlessly push brands across multiple channels/touchpoints and this can frustrate consumers, as illustrated by Datamonitor consumer survey fieldwork in recent years. Figure 5 below shows how consumers in a selection of major markets view the sheer quantity of advertising. In each country, more than two-thirds of respondents agreed on some level with the statement “there is too much advertising today”. Generally speaking, consumers are more likely to ‘strongly agree’ than ‘tend to agree’, especially in 2008. In 2010, consumers across all markets have been slightly less likely to agree with the statement, and there has also been an apparent softening of attitudes. While this does suggest that advertisers are becoming more discreet, the results arguably reflect a society that is no longer surprised by the amount of advertising it is exposed to and has grown more accustomed to it. Nevertheless, it is still the majority of individuals in a given country that are expressing negative sentiment towards the amount of advertising they are exposed too. Given that ambush marketing is criticized for being more insincere, this negative sentiment could be exacerbated by a poorly executed ambush. After all, a majority of consumers believe they are already over-exposed to commercial messages even before companies attempt to ambush a form of advertising that is already generally perceived to be credible.

Other research highlights there is at least a reasonable degree of trust in brand sponsorships. In April 2009, Nielsen revealed that 64% of global respondents either ‘somewhat’ or ‘completely’ trusted this type of advertising/marketing.



Nike has made a habit of successfully ambushing rivals during major sporting events

Sports manufacturer Nike has developed a reputation as the most effective creator of ambush marketing, certainly among high-profile brands. Most famously, the company was said to have ambushed Reebok during the 1996 Olympic Games in Atlanta. With sponsorship costs for the games at approximately \$50m, Nike chose not to spend on becoming a legitimate endorser and instead concentrated on generating brand exposure in other ways. Billboards around the city of Atlanta were blanketed and a 'Nike Village' was constructed outside the athletes' 'Olympic Village'.

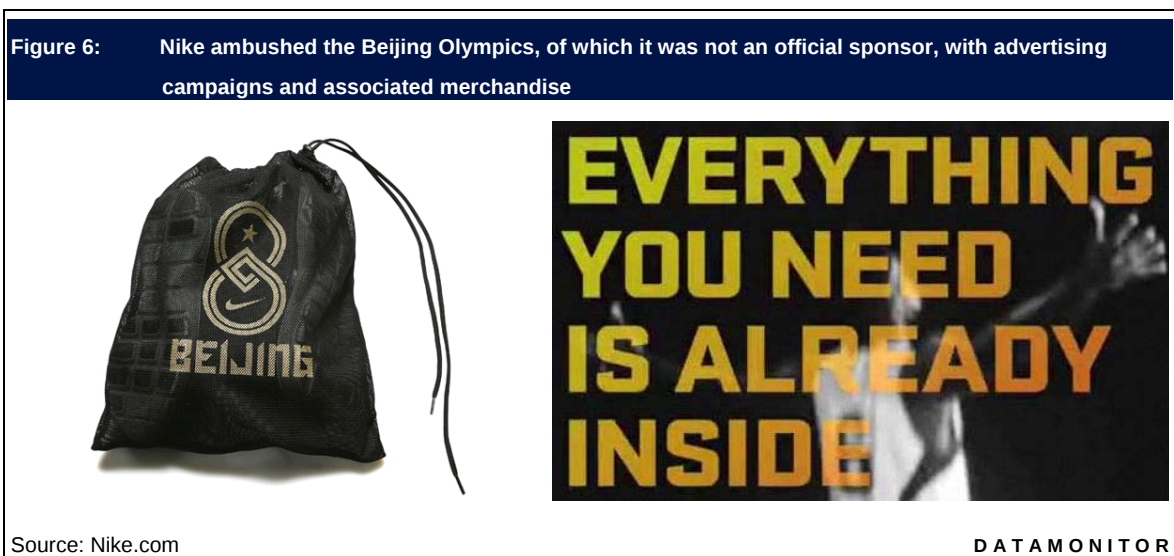
Other examples of Nike seeking to usurp official sponsors include convincing superstar basketball player Michael Jordan to cover his Reebok logo when accepting an Olympic gold medal, and the creation of elaborate television advertisements to accompany major sporting events. Figure 6 shows some examples of the company's ambush of the 2008 Beijing Olympics. The sports bag contains a logo reminiscent of an '8', while the host city name implies association with the event without specifically mentioning it. The advertising campaign, entitled 'Courage', showed a number of athletes with inspirational slogans including "everything you need is already inside". The company often rolls out extravagant television advertising campaigns to coincide with major sporting events, often leaving consumers feeling as though they are actually connected to the event itself.

This type of ambushing is often successful for Nike. According to the Nielsen Company, which measures how much brands are being discussed online, Nike garnered the highest share of online FIFA World Cup "buzz" before the 2010 tournament

(when looking at English language messages). The 30.2% accumulated by the brand more than doubled the share of the second-placed brand and FIFA World Cup official partner, Adidas (14.4%). To contextualize this achievement, the next-highest non-affiliated competitor was alcoholic drinks brand Carlsberg, with a 3.9% share. However, as the tournament progressed, the benefits of official sponsorship became more apparent. On July 2 (three weeks after the first match) Nielsen revealed that Adidas (25.1%) had overtaken Nike (19.4%), although this was partially because the supposed poor quality of the brand's official soccer ball developed specifically for the tournament was a topic of fierce debate for millions of fans. The results suggest that early ambushes can be effective, but the longer an event lasts the more an official affiliate can capitalize on its advantageous position.

"As an avid watcher of the World Cup, unless the brand is specifically displayed on the digital borders around the soccer field or mentioned to be "official sponsors" you would never realize who isn't an office sponsor. Many people I speak with don't even know Adidas is a sponsor and Nike is not. Is this wrong and marketing in bad faith? Of course not. Nike has just planned and devised a way better marketing campaign and you can't blame them for that."

Josip Petrusa, Canadian consumer, quoted on BrandChannel.com, June 2010



There are potential pitfalls to ambush marketing that must be considered

The most appealing aspect of ambush marketing is undoubtedly that it is a relatively cheap way of gaining exposure to an audience that, for the most part, does not know or care about the legitimacy of official ties to an event. If a company can save tens of millions of dollars on sponsorship, then investments can be directed elsewhere, such as into the actual marketing used to usurp competitors.

However, if this were the case, no company would go to the expense of securing a licensed agreement with an event or organization. In the past few years, more efforts have been made to protect the interests of official sponsors. One example is banning competitors from purchasing billboard advertising space in the host cities of major events (as Nike so successfully did during the Atlanta Olympics in 1996). This makes sense for the organizers, which rely on sponsorship to fund the event itself, and for the sponsors, who want the supposed exclusivity of an agreement to translate to unopposed exposure to their audience.

Aside from having to deal with stronger defensive measures, potential ambushers must also weigh up the repercussions of their actions. While consumers may not be overly-concerned about the ethicality of an ambush, it damages relationships with powerful organizers, often beyond repair. Furthermore, the subject of the ambush can retaliate with negative marketing which can damage the image of both brands. This was the case when Visa and American Express clashed during the 1980s and 90s regarding sponsorship of the Olympic Games. American Express lost its place as official partner to the Olympics after the 1984 Games in Los Angeles. A subsequent attempt at ambushing ensured that the International Olympic Committee (IOC) responded forcefully. A marketing campaign in 1986 resulted in the IOC threatening to take out full-page adverts in major publications criticizing the company. Moreover, the IOC also claimed that famous Olympic athletes and sports ministers from all regions would speak out against American Express and publically cut up American Express credit cards in front of the media. American Express subsequently withdrew the campaign as a means of self-preservation.

This scenario served as a learning experience, both for the company and the marketing industry as a whole. Ambush marketing needs to be forceful, but also retain a certain dignity and subtlety. In 1992, American Express famously ambushed Visa, this time at the Barcelona Olympics, with a television and print advertising campaign advising travelers to take a passport and American Express credit card to the Barcelona 'fun and games', while adding "and remember, to visit Spain, you don't need a visa". The campaign is regarded as one of the more memorable examples of ambush marketing in the past couple of decades.

However, in 1994 American Express embarked upon one ambush too many, with the result a backfire. Following the 1992 games, a truce was negotiated between American Express, Visa and the IOC. Visa agreed to end its comparative advertisements that it aired in retaliation to American Express's ambushing. Despite this agreement, American Express attempted an ambush of the 1994 winter Olympics in Lillehammer. Visa was therefore allowed to respond with more negative advertising, the result being that American Express's reputation was significantly tarnished in the eyes of consumers.

"If a brand manager asks you to practise ambush marketing tools to achieve their marketing objectives consider if that is the reputation you wish to have in the marketplace. How would your stable of clients feel about this approach? Is there any potential for lost business? ...solid marketers who have been in the game for a while tend to have long memories."

Commando Marketing, Marketing Magazine, May 2005

"There is a weak-minded view that competitors have a moral obligation to step back and allow an official sponsor to reap all the benefits from a special event. They have not only a right, but an obligation to shareholders to take advantage of such events. All this talk about unethical ambushing is so much intellectual rubbish and posturing by people who are sloppy marketers."

Jerry Walsh, former head of marketing at American Express, quoted on SportsProMedia.com, June 2010

Conclusion: ambush marketing can be effective in gaining publicity for a minimal outlay but recent events have illustrated that there is still uncertainty as to how best to approach it

- **The aftermath of the Bavaria Beer incident is a timely reminder that there is still not a textbook approach to ambush marketing—either from the perspective of the ambusher or the ambushed** – for FIFA, it could hardly have been expected that attempting to defend the interests of its official partner would incrementally add to the exposure of the ambusher. For Bavaria Beer, what would have likely been intended to be a relatively minor ambush has actually led to a major amount of exposure. Overall, this is indicative of how Ambush marketing remains far from an exact science.
- **Brands have shown that employing a rational strategy creates the potential for success** – for Nike, ambushing major sporting events has become a tradition, with the company using expansive and extravagant marketing promotions that tap into key themes and concepts. The brand is adept at identifying what consumers associate with sporting heroes and the events they compete in. Notions such as 'courage' identify with Olympic ideals, and this creates a better, more relevant ambush. For Bavaria Beer, the use of orange clothing and affiliation with a soccer player's wife identified itself with the Dutch soccer team in a positive manner.
- **Treading into more negative forms of ambushing has proven more dangerous, even for major brands** – falling foul of event organizers and competitors potentially leaves a company open to retaliation. Ambushing, when done correctly, is not illegal, but it does raise pertinent moral and ethical questions which the ambusher must be prepared to answer.
- **Bavaria Beer has shown that it is possible for a smaller player to successfully ambush a big rival during a major event** – historically, the ambushes most referred to are the ones that had the highest profile on the biggest stages. This therefore makes them a key target for the most ambitious brands looking to usurp their competitors to maximum effect.

APPENDIX

Case study series

This report forms part of Datamonitor's case studies series, which explores business practices across a variety of disciplines and business sectors. The series covers a range of markets including food and drink, retail, banking and insurance, pharmaceuticals and software.

Each case study provides a concise evaluation of a company that stands out in some area of its strategic operations, highlighting the ways in which the company has become one of the best in its field or how it deals with different problems encountered within that sector.

Methodology

This case study draws upon a mix of primary and secondary research, including Datamonitor's Market Data Analytics (MDA) database and the Product Launch Analytics (PLA) database, alongside an extensive review of secondary literature and other in-house sources of information. Data has also been selectively extracted from the findings of the consumer fieldwork conducted for the purpose of Datamonitor's New Consumer Insight (NCI) research.

Secondary sources

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