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## Will USOC give nonsponsors break?

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Sports marketers will soon learn if the Olympic movement will live up to its promise of a softer approach toward companies that advertise without official sponsorship rights in 2016.

For the first time, U.S. Olympic Committee staff has begun evaluating nonsponsors' applications for waivers to Olympic Charter Rule 40, which threatens to disqualify an athlete if his or her image appears in advertising during the Games. Official sponsors are routinely granted waivers.

More than 100 people attended USOC explanatory sessions in the last six weeks, and agents and individual sports governing bodies say the mere prospect of relaxed rules has opened up new sales channels.

"It's real. It's happening," said Dan Levy, an agent at Wasserman Media Group who represents women's soccer star Alex Morgan and others. "It's pretty complicated. They didn't make it easy on them, but it's progress certainly for us."

Companies must submit detailed creative plans for their athlete campaigns to the USOC by Jan. 27 for the Olympics, an early deadline designed to discourage brands that don't already have established athlete relationships. To be considered for a waiver, the campaign must start by March 27 and run continuously through the Games and must avoid Olympic intellectual property.

The Olympics run Aug. 5-21. The Paralympics run Sept. 7-18; deadlines are later for Paralympic athletes.

Independent agent Sheryl Shade said the waiver system has already created a much richer cast of companies seeking out athlete endorsers. For instance, BMW holds the rights to the U.S. Olympic team, but another automaker has made several inquiries this year hoping that it could use an Olympic athlete, even if in a limited fashion.

"It used to just be the Olympics sponsors, but each category attracts their competitors," said Shade, who

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represents diver David Boudia, among others. “I’m not saying athletes are getting rich, but it’s more variety, which opens things up, and more athletes are getting deals.”

In an unexpected consequence, individual sports teams are seeing a boost too, said Matt Farrell, chief marketing officer of USA Swimming. Signing a deal with a national governing body has long been a popular end-run for an aspiring Olympics marketer, and the possibility of being able to use athletes during the Games has sweetened the pot.

“We had probably five or six new categories that at least engaged interest,” Farrell said. “Now, some of them had very questionable intent with Rule 40 and were trying to capitalize strictly on Rio. So from the NGB perspective, we had to be very careful to not get used for a one-and-done.”

Waivers are far from a sure thing, said Michael O’Conor, managing director of business development for the USOC. “We’re going to make sure we’re actively communicating around what they’re trying to do. It’s certainly not a guaranteed yes.”

O’Conor wouldn’t say how many waivers have been requested in total.

The USOC has a powerful incentive to be stingy with the waivers: protecting its official sponsors. O’Conor notes the waivers are intended to allow athletes to activate existing marketing relationships, not to create Rio 2016 drive-bys.

Consider the apparel category. Nike will pay an estimated \$3 million annually through 2020 for the official rights to use Team USA as a marketing vehicle. Any Under Armour ad that leads a consumer to infer an Olympics association — even if the campaign complies with the letter of the rules — could degrade the asset, said 21 Sports & Entertainment founder Rob Prazmark, who has sold marketing deals for the USOC and the International Olympic Committee.

“The No. 1 value you get with an Olympics sponsorship is exclusivity,” Prazmark said. “If you can poke holes in that and pierce the veil, you’re screwing with the model, and then it makes the property potentially worth less.” The IOC and the USOC have earned a reputation as aggressive protectors of their sponsors’ rights. But a growing chorus of complaints from athletes, who believe the rules undermine their right to monetize their likeness, has altered the calculus.

Nick Symmonds, the 800-meter runner who has founded his own caffeinated gum company, Run Gum, and has advocated for athletes’ rights, is skeptical of how the waivers will play out. A small company like Run Gum couldn’t risk developing a campaign on spec, he said, and he suspects the real beneficiaries will be a fairly narrow group of established players and therefore constitute only a marginal change for athletes.

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