

Partnership Ends Early

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McDonald's Corp. is ending its sponsorship of the Olympic Games three years earlier than planned, removing one of the event's biggest corporate partners at a time when the Games' allure is fading.

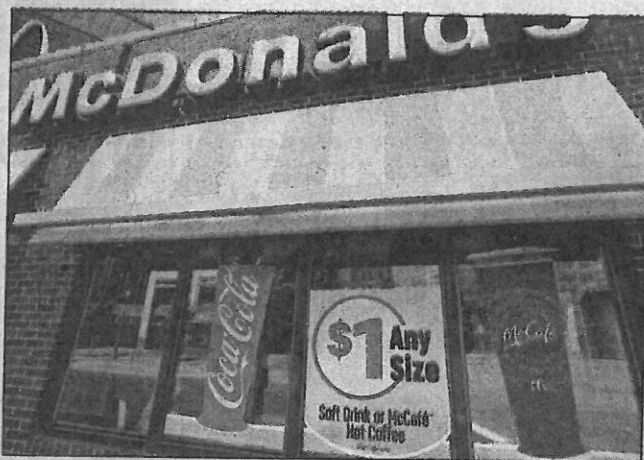
The International Olympic Committee and the fast-food giant are terminating their worldwide partnership effective immediately, they said in a statement Friday. McDonald's will continue to be a sponsor of the 2018 Winter Games in Korea, operating restaurants in the Olympic Park and Olympic Village.

"As part of our global growth plan, we are reconsidering all aspects of our business and have made this decision in cooperation with the IOC to focus on different priorities," McDonald's global chief marketing officer Silvia Lagnado said in the statement.

The split deals a blow to an event that's already been struggling to line up host cities. McDonald's has been a sponsor for decades, serving as both a source of funding and global publicity. The 2022 Winter Games were awarded to Beijing after several cities dropped out of contention, and the number of cities vying for the 2024 Games has dwindled to two — Los Angeles and Paris.

"It's never good to lose a notable sponsor," said Ivan Feinseth, chief investment officer at Tigress Financial Partners, which has a neutral rating on McDonald's shares. "This is like getting a divorce."

McDonald's became an official sponsor of the Games in 1976. In 2012, it extended its "TOP" sponsorship for eight years, which means it was meant to run through 2020. The relationship has been "under stress" for some time amid growing public concern about links between fast food and obesity, according to Patrick Nally, who in the 1980s helped the IOC construct its



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sponsorship model.

"The brand relevance is simply not there anymore," Nally said in an interview. "At every Games you see a storm of criticism in the media about McDonald's being present at the Olympics, and that's just gotten worse."

Company spokeswoman Terri Hickey declined to comment beyond the statement.

McDonald's first appeared at the 1968 Winter Games in Grenoble, France, and airlifted hamburgers to U.S. athletes who said they were homesick for McDonald's food, according to a separate statement.

Timo Lumme, managing director of IOC Television & Marketing Services, said the organization and McDonald's "mutually agreed" to part ways. Financial terms for the separation weren't disclosed.

Feinseth at Tigress said that McDonald's decision to pull out is likely about its return on marketing investment. The company is turning more toward social-media advertising to reach its target audiences, he said.

All of the IOC's current worldwide TOP partners have agreements to 2020; with Bridgestone Corp., Panasonic Corp., and Toyota Motor Corp. through to 2024; Alibaba Group Holding Ltd. through to 2028; and Omega SA through to 2032, the organization said.