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## Innovation in the Context of World Sports Development

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### Abstract

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The imminent development of competition system has determined over time a shift from amateur sport, practiced by passion and for health reasons, to the promotion of its professional component. But throughout the centuries, changes have been essential. Innovation is one of the actions that have marked the development and transformation of world sports in general and Olympic Games in particular. The types of innovation found in the organization, equipment, technology during more than 100 years are: product innovation, process innovation, market innovation, organizational innovation. As regards sports at a global level, innovations in the timekeeping system in different disciplines (athletics, swimming, horse riding, skiing, biathlon, cross-country skiing, bobsleigh, luge, skeleton) have determined the ranking order to be decided by thousandths of a second, and the cases of ties among many competitors to become very rare. Research conducted in great laboratories of the world to change materials used on the competition grounds (from the athletics track, the floor and the vaulting table in gymnastics to the system of freezing the tracks of bobsleigh, luge, skeleton) has led to achievement of performances thought to be impossible one century ago. Studies have been made about the effect of modern equipment on sports performances, and research in the field has become even more important than the talent of an athlete. In this study based on bibliographical research, we are trying to demonstrate that innovation in the TV broadcasting field has provided global population access to information, having a direct contribution to promoting sports.

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**Keywords:** Sports; innovation; Olympic Games; TV broadcasting.

### 1. Introduction

Regarded as a global phenomenon, sport has a huge impact on the entire human life. Throughout the ages, it has exerted an influence on both the social or cultural and economic planes. The imminent development of competition system has determined over time the shift from amateur sport, practiced by passion and for health reasons, to the promotion of its professional component. But throughout the centuries, changes have been essential. Sport has become one of the characteristics of contemporary life, “an extremely important manifestation of modern world” (Kirişescu, 1964: 478). Moreover, sports



values, besides being characteristic to physical activity field, also bear other specific types of values: economic, theoretical, professional ones, and not only (Epuran, 2013: 44-45).

Major changes have also been triggered by the initiative of Pierre de Coubertin to revive the Games in 1896, the Olympic contest starting from what the Olympics represented in ancient times and current reality. This spectacular evolution hugely depended on innovation, an action that has marked over time the development and transformation of world sports in general and the Olympic Games in particular.

According to the Agency of Intellectual Property in Romania (AGPITT), innovation “represents a sequence of activities carried out by a company in order to develop new products and services intended for sale. At the same time, the category of innovation processes also includes the activities aimed to expand the markets, improve the supply functioning, production processes, equipment maintenance, distribution channels, services and, last but not least, perfect administrative and managerial activities of the company” (Bogdan, 2003).

In this study, the “company” is represented by all entities involved in the organization of competitions, development of sport or technologies used in this field.

The types of innovation found in the organization, equipment, technology during more than 100 years are:

- Product innovation;
- Process innovation;
- Market innovation (implementation of new marketing methods that involve significant changes);
- Organizational innovation (Bogdan, 2003).

In terms of technology, for all disciplines in the Beijing Olympics programme, computerized means were used for timekeeping and providing scores, rankings, etc.

The 2012 Olympic Games were the first “digital Olympics”, viewers having the opportunity to watch live the sports events on iPads and smartphones. In 2010, just before the Vancouver Winter Olympics, Steve Jobs announced the iPad launching. Within the next two years, progress was rapid and about 1 of 5 viewers in the United States watched the Olympic Games on the computer, laptop or tablet. Before the start of 2012 London Olympics of 2012, BBC advertised on the possibility to watch interactively and live 2,500 hours of Olympic broadcasting. On some days, the variety was so great that one could choose among 24 different sports events. Due to some applications downloaded on smartphones, it was possible to receive in real time the result of a competition or the newest information. For the media, web pages presenting sports, athletes or participating countries were made available (Basulto, 2012).

Innovations in the timekeeping system in different disciplines (athletics, swimming, horse riding, skiing, biathlon, cross-country skiing, bobsleigh, luge, skeleton) have determined the ranking order to be decided by thousandths of a second, and the cases of ties among many competitors to become very rare. Research conducted in great laboratories of the world to change materials used on the competition grounds (from the athletics track, the floor and the vaulting table in gymnastics to the system of freezing the tracks of bobsleigh, luge or skeleton) has led to achievement of performances thought to be impossible one century ago. Studies have been made about the effect of modern equipment on sports performances, and research in the field has become even more important than the talent of an

athlete. The countries where research is at a very high level, where substantial investments are made (Germany, the United States), are also the countries whose athletes dominate the international competitions. In the following lines, we shall strictly refer to innovation in the TV broadcasting field.

## **2. Innovation and television rights**

According to Epuran (2013: 268-269), television has destroyed the sport, turning it from an art into a circus, in the same time with its increasingly higher audience at a global level.

We agree to the opinion mentioned, relying on several statistical data. If in 1912, at the Stockholm Olympics, 500 journalists were accredited, information being exclusively provided by newspapers and magazines, the beginning of their recording and broadcasting to different environments dates back to 1936. The Berlin Games, where the Olympic flame was first lit, did not represent only the topic of a movie directed by Leni Riefenstahl, “Olympia”, but also the competition where, for the first time, live images of a large multi-sport event were filmed and broadcast by a closed-circuit television network. Twelve years later, BBC had a live broadcast at Wembley Stadium, but it covered only the London area. The Organizing Committee requested the sum of 1,500 British Pounds to broadcast the event.

The 1956 Winter Olympics organized in Cortina d’Ampezzo, Italy, was the first edition of the Games to be broadcast to an international audience. But in Melbourne, Australia, many broadcast networks from the United States and Europe boycotted the competition, pretending to be exempt from fees just as radio broadcasts and newspapers, because it was about news, not entertainment. Under these circumstances, the International Olympic Committee (IOC) has established new rules, through which the Organizing Committee can sell the rights with the IOC agreement. And from then until now, the progress of technology has been unimaginable.

Table 1 illustrates some moments that have marked the history of Olympic television broadcasting.

**Table 1.** Moments having marked the history of Olympic television broadcasting

Year	Host City	Reference moments in the television broadcasting evolution
1960	Rome	The Olympic Games were televised live for the first time to 18 countries, while in the United States, Japan and Canada they were televised one hour later.
1964	Tokyo	Satellite broadcast coverage was used for the first time to relay images overseas.
1968	Mexico	The Olympics were broadcast live in colour for the first time.
1984	Los Angeles	More than 2.5 billion people viewed the Olympic Games broadcast to 156 countries.
1994	Lillehammer	For the first time, the Olympics were broadcast on the African continent via M-Net and ART satellites.
1996	Atlanta	The 100 years of Olympic Games were celebrated in 214 countries where the competitions were broadcast.
2000	Sydney	The IOC introduced a new method of measuring the Olympic television audience levels, Total Viewer Hours (TVH), which revealed that the Olympic broadcast had reached 3.7 billion viewers in 220 countries.
2004	Athens	More than 300 TV channels provided a total of 35,000 hours of coverage. For the first time, live coverage was also available on the internet. According to statistics, the Games had 3.9 billion viewers in 220 countries, with an average of 12 hours per viewer.
2008	Beijing	The most viewed Games in the Olympic history: 5,000 hours of live HDTV broadcasting.
2012	London	A new edition, a new record: more than 4.5 billion viewers in 220 countries and territories.

*Source: International Olympic Committee (2014b: 28-29)*

In 2011, the American NBC television network signed a \$4.38 billion contract with the IOC to broadcast the 2014, 2016, 2018 and 2020 Olympics, being by far the most expensive television rights in the Olympic history. The Japanese Consortium, which includes NHK (Japan's national public broadcasting) and the Japan Commercial Broadcasters Association, bought the rights to broadcast the 2014 Sochi Olympic Games and the 2016 Rio de Janeiro Olympic Games on all media platforms, inclusively on the television, internet and mobile phones.

In the last 50 years, the broadcast rights fees have increased due to latest technologies in the exponential media field. If in 1960 television provided only 1 of every 400 dollars of the cost for hosting the Summer Olympics, in 1972, in Munich, 1 of 30 dollars was from television, in 1980, in Moscow, the ratio was 1 of 12 dollars, and in 1984, in Los Angeles, 1 of every 3 dollars of the Olympic host costs were paid for from the television revenues (Real, 2014).

The rising cost of broadcast rights constrains the televisions to recover their expenditures through commercial agreements: the higher the audience level, the larger the sum stipulated in the respective agreements. In its turn, the audience level is high when performances are increasingly better and try to reach the human limits.

As the television role has increased in the worldwide sports in general, but particularly in the Olympic broadcasting, the number of professional athletes on the Olympic scene has also increased and at the same time the doping phenomenon has been escalated. And even if, in 1980, the IOC President, Juan Antonio Samaranch, stated that he would never tolerate commercialization of the Olympic Games, which would remain the only sports event in the world with no advertising in the stadia or on the athletes' vests, the IOC Marketing Department created the legal framework for this by founding, in 1982, The Olympic Partners (TOP) Programme that, in cooperation with the International Sports and Leisure (ISL) Consortium headed by Horst Dassler of Adidas, started attracting sponsors who contributed with large amounts to support the IOC. For instance, in Barcelona, sponsorships accounted for 30% (more than \$120 million) of the total budget and the television rights accounted for 28%. Four years later, in Atlanta, sponsorships represented a historical record, exceeding the sum of \$1 billion (Real, 2014).

In Lillehammer, in 1994, broadcast and marketing programmes generated more than \$500 million, an amount of money that broke almost every major marketing record for a Winter Olympics, and 6 years later, in Sydney, domestic sponsorship programmes generated even more revenue (\$492 million extra money) than in the 1996 Atlanta Games, where it was 15 times lower. The increase was exponential compared to the 1952 Helsinki Olympics, for example, where some local companies provided goods and services to the participating athletes (International Olympic Committee, 2014b).

Table 2 highlights the cost evolution for the television broadcast rights in North America and Europe, the two continents with the greatest number of viewers, as well as the expense ratios compared to overall costs.

**Table 2.** Revenue from television rights to broadcast the Olympics in the United States and Europe

Host City and Year	Total \$ (million)	USA \$ (million/ channel)	USA % Total	Europe \$ (million)	Europe % Total
Rome 1960	1.2	-/CBS	---	0.7	58.3%
Tokyo 1964	1.6	-/ABC	---	---	---
Mexico City 1968	9.8	-/ABC	---	1	10.2%
Munich 1972	17.8	-/ABC	---	2	11.2%
Montreal 1976	34.9	25/ABC	71.6%	6.6	19%
Moscow 1980	101	85 /NBC	84.1%	7,1	7%
Los Angeles 1984	286.9	225.6/ABC	78.6%	22	7.6%
Seoul 1988	402	300/NBC	74.6%	30.2	7.5%
Barcelona 1992	631.1	401/NBC	63.5 %	94.5	14.9%
Atlanta 1996	898.3	456/NBC	50.7 %	247.5	27.55%
Sydney 2000	1,331.6	705/NBC	53%	350	26.2%
Athens 2004	1,494	793/NBC	53%	394	26.3%
Beijing 2008	1,739	894/NBC	51.4%	443	25.5 %
Vancouver 2010	1,279.5	820/NBC	64.11%	---	----
London 2012	2,569	1180/NBC	45.93%	----	----
Sochi 2014	1,260	775/NBC	61.5%	----	----

Source: *International Olympic Committee (2014b: 27)*

In 1971, a paragraph has been added to the Olympic Charter, stipulating that only the IOC can negotiate with television operators (International Olympic Committee, 2014a; Pena, 2014). The first consequence was that this allowed the IOC to raise revenue from television broadcast rights by 10% up to 1980, the financial evolution having an upward trend until today.

For the amounts invested, sponsors claim not only the right to use the Olympic symbols, but also to be associated with the world sports stars. If in 1912, in Stockholm, the Amateur Athletic Union decided to withdraw Jim Thorpe's amateur status retroactively and later that year the IOC decided to strip Thorpe of his gold medals for pentathlon and decathlon and declare him a professional, since 1973, with the Varna Congress, a new modern era of the Olympic Games has started. The IOC President, Lord Killanin, endorsed the decisions of the Congress participants and, from that moment on, professional athletes have been given free way to win Olympic medals. Excluded from the 1924 Olympics programme, tennis has returned in 1988. In Seoul, Steffi Graf has become the first and until now the only female tennis player to win the "Golden Slam", by adding the Olympic gold to her collection of 4 Grand Slam titles won during the same year. In 1992, the NBA basket players participated in the Barcelona Games, and Earvin "Magic" Johnson, Michael Jordan and their teammates won the Olympic gold for the Unites States. Discussions about professionalism in sport were existing long time before that period, the athletes from socialist countries being considered professionals due to their status: they were practicing performance sports, were employed on other positions and were receiving salaries, their duty being to get trained, participate in competitions and win medals. With the Olympic television broadcasting, the role played by the financial component has increased and finally has become extremely important. Fabulous awards and advertising contracts have appeared and the top athletes could "sell" their image. The increasingly larger amounts invested and the desire for achieving performances have triggered research in the field of sports equipment and

materials, but also of medications and technology used to enhance performance or for the promptest recovery possible.

### **3. Perspectives in the field**

In the last half century, an interval that definitely covers the period to which we are referring in this paper, the role of media in general and of television in particular have increased exponentially. There is a bi-univocal connection between sports and television. Due to sports, new TV channels have been launched, some of them specialized in this field, subscriptions to cable television have increased in number and satellite sales have been influenced too. In its turn, television has contributed to increase revenues generated by sports, meaning that stars from diverse disciplines, especially football, athletics or golf, have become millionaires thanks to their advertising contracts. Selling the rights to broadcast some sports events has determined the clubs, the organizations (inclusively the IOC and SportAccord, to which we make special references in this paper) to correlate the starting time of a competition with the programme of the television that has negotiated the rights, to change the athletes' equipment and to adapt advertising packages to the typical features of each competition (Andrews, 2000: 140-141).

Given that the costs of the Olympic Games have continuously increased, as well as those related to producing and broadcasting the competitions, it is interesting to see where this will go to, under the conditions in which, on the world market, a SportAccord "player" who has reached maturity tries to attain the IOC prestige and globalization. At the same time, the desire for performance maximization has determined the expansion of professionalism in almost all sports disciplines. Both organizations allow professional athletes to compete in the events organized under their auspices (SportAccord, 2014; International Olympic Committee, 2013).

While, at the Olympics, the IOC awards only medals for the achieved performances (financial incentives coming from advertising contracts and government funding), SportAccord intends to organize, in 2017, the first edition of the Reunited World Championships, where the athletes will be awarded, besides the trophies, substantial cash prizes.

At the press conference organized on 15 April 2013, Octavian Morariu, former President of the Romanian Olympic and Sports Committee, a permanent IOC member, declared that between the International Olympic Committee and SportAccord there is no competition, but synergy. As the Olympics keep remaining the biggest sports event, SportAccord, together with the Association of National Olympic Committees, tries to occupy niches that are not covered by the Olympic sports and to lead thus to a global sport. There are new sports embodying the youth's aspirations, there are variations of the Olympic sports, and the IOC cannot encompass all of them. The IOC remains the coordinator and leader of the Olympic and Sports Movement at a global level, but one should take into account the world's evolution and the fact that two strong organizations come to support the IOC, to cooperate and encourage the development of sport (Morariu, 2014).

The rights to broadcast the Olympics represent the main funding source of the Olympic Movement, being an important part of a system that involves the broadcasters, the sport's sponsors and also the IOC. Their commercialization during the last three decades has played a major role in the development of modern Olympic phenomenon.

It is interesting to see how the market will evolve, in terms of television rights, given the emergence of New Media and the global expansion of the internet (Pena, 2014).

Although the amounts paid for the exclusive ownership of the television rights increased more than 1,000 times in the period 1972 to 2008, in the near future it will be more and more difficult to stop the online distribution of images from the most important sports competitions organized globally: the Olympic Games and the World Football or Athletics Championships (Andrews, 2000: 140-141).

#### **4. Discussions and conclusions**

The history of Olympic Games reveals that these sports events present the highest interest for the media, their implications being equally economic, social, cultural and, last but not least, political. We tried to demonstrate that the television development has provided global population access to the Olympics, directly contributing to promoting sports.

It is to interesting to see how the IOC will manage to “mediate” between the television rights holders, who pay large amounts to broadcast the Olympics, and the increasingly large opportunities for the youth to access New Media, in their interest. The questions that arise are: where will the television broadcast rights go to, in financial terms, and will there be a winner in the dispute between the athletes and the economic factors?

As long as the competitions organized under the sign of the 5 circles continue to involve tens of thousands of participants, there will certainly be cities willing to bid for hosting the Games in the future, normally in the context of innovation and sustainable development.

Even if the organizers of the Montreal 1976 Olympic Games finished to pay their debts only in 2011 (35 years later), the financial or image-related success of other editions have encouraged the politicians, mayors or sports people to wish to organize the most important competition on the planet: the Olympic Games. Almaty and Beijing have already bidden to host the 2022 edition of the Winter Olympics and next year the cities for the 2024 Summer Olympics will enter the scene. From the research made by now, but also from the experience of the journalist who effectively participated in four editions of the Games (Sydney, Beijing, Vancouver and London), we agree to both the conclusions of Alice Wnorowski (2011), who thinks that the bids to host the Olympics represent a success, even if the respective city (country) does not win the right to organize the event, and of Jill Haynes (2001), who considers that the Sydney Olympics represented a social and economic success, the results achieved by Australian athletes also contributing to it.

As a future research direction, we aim to approach the expenditure structures of the Rio Olympics, by taking into account that partial investments have already been achieved for the organization of the 2014 World Football Championship, as compared to Barcelona 1992 or London 2012. At the same time, we want to see if the Olympic Games in Rio are to be organized in accordance with sustainable development and innovation, considering that the economic crisis has reduced the budget of the organizing committee by 30 percent.

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