

**The impact of Olympic Games sponsorship
announcements on company share prices**

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Abstract

We investigate the value relevance of Olympic Games sponsorship announcements for different level of sponsorship on the sponsors' and their competitors' share prices reactions. A sample of announcements of 47 Olympic TOP (The Olympic Partner, the highest level of sponsorship category) sponsors, and 94 competitors for the period from 1985 to 2012, and 37 tier two sponsors of the Olympic Games in Vancouver 2010 and London 2012 are considered in this research. We find that, on average, share prices of firms participating in the TOP sponsorship program increase by 1.02 % with 66 % of firms experiencing gains during a seven-day event period, whereby firms with negative return on equity prior to the announcements achieve even significant higher returns than those with previous positive return on equity. While first time TOP sponsors obtain greater share price increases of 2.32 %, lower tier sponsors as well as their industry rivals do not enjoy any significant wealth effects.

Keywords:

Olympic Games sponsorship, Capital market reaction