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An Interview with Jean-François Richard, Director of Sales and Marketing, Amaury Sport Organisation

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Introduction

Jean-François Richard is the Director of Marketing for Amaury Sport Organisation (ASO), a major organizer of sporting events in Europe, including the Tour de France (TF): in this interview, we learn more about the Tour de France and the different events organized by ASO. Since 1998, doping problems have emerged but Jean-François thinks these have no consequences for the sponsorship policy of the Tour de France: the values are still alive, and they are very strong. The domination of Lance Armstrong has also modified the vision of this event in America and new American sponsors could appear in the next years, as TV coverage grows in this part of the world.

MD: What is your professional experience?

J-FR: I began as an advertising executive in a small provincial agency in Le Havre, Normandy. Then I came to Paris for two years in another agency, before spending six years at Disneyland Paris as a manager for all the events outside Disney World. I began to make contacts with various sport events, but I thought that Disneyland Paris would only belong to France when the TF came to Disneyland Paris! I therefore got in

contact with Jean-Marie Leblanc, Director of the TF, and in 1993 we hosted the departure of the last stage of the TF, from Disneyland Paris to Paris.

In 1997 we hosted a time-trial stage which was incredibly successful: it was fantastic for Disney because one of the main problems for the park was that it was not attracting enough German tourists. And 1997 was the year of Jan Uhlrich's victory, a German! I then became the Promotion Director for BMG France and arrived in ASO as a Marketing and Sales Director in 1999.

MD: Could you describe your role as the Director of Marketing and Sales for ASO?

J-FR: I am responsible for all revenues, except television income. The marketing department has two missions, marketing and commercial. We have tried to go further than the "classical" sport marketing. Very often marketing is considered only as managing sponsorship, without consideration of the strategic marketing or event organization which is seen as the role of a sport federation or of the event's director. At ASO, marketing works with a sponsorship department whose function is to manage the relationships with the ►



sponsors of each event: we have a transverse structure, with events' or customers' teams. For example, a team works only on the TF because it is the main event in our portfolio, but for other sports the sales teams are organized by the customers. Some people work on Paris-Dakar or on the Paris Marathon but they share the clients between them. ASO is quite unusual in that our company owns the events, which implies we control the event chain (the organization, television, media, sponsorship and so on). We also created a "brand and merchandising" department, and we have a "strategic marketing" department that studies future sport opportunities.

MD: Can you tell me about the merchandising opportunities at the TF?

J-FR: Well, the event has existed for years but merchandising will be stimulated thanks to an agreement with Nike and because we will celebrate the 100th birthday of the TF in 2003. Currently it is not a huge source of revenue but we studied the NFL (National Football League)'s benchmarking process where the merchandising turnover is relatively small compared to the total amount of income. But this is a great communication tool through which to create customer loyalty. This system works well: when a cap is fashionable it becomes a vehicle for communication for the league.

MD: In this sense, the agreement with Nike is a good idea because it is a sports brand?

JFR : Right.

MD: With respect to sponsorship, do you sell packages for all your events or do you sign contracts for each individual event?

J-FR: We tried to sell some packages, but we did not succeed. For example, we combined our web-sites (TF, Paris-Dakar, Paris marathon) but we never found people who were interested in the three events because each one has its own values. ASO does not evoke stronger values than its brands or events. A company wants to sponsor our events because they generate audiences and values, but selling all our events together does not work because it does not reflect the needs of the market.

MD: Let's talk more about the TF. How are the marketing revenues distributed?

J-FR: There are three main sources of revenue: television, marketing rights and the cities (who pay to have the TF). Television rights represent 52 per cent, marketing rights 45 per cent and the cities three per cent (sometimes five per cent). These figures are very stable year on year.

MD: In terms of sponsorship, do you canvass for clients or do the companies contact you first? Has the situation changed recently?

J-FR: Sponsors are mostly faithful to the TF. For example, the Crédit Lyonnais (a bank that currently sponsors the yellow jersey) began sponsoring the Tour 28 years ago. There is a real progressive process. The TF is unique in the sense that it is a wandering event that requires a high investment from the sponsor (human resources, time,

Figure 1: The partners of the Tour de France 2001

<u>CLUB DU TOUR DE France</u>			
Aquarel Nestlé	Champion	Crédit Lyonnais	FIAT
<u>Official Partners</u>			
AGF	Astra Satellites	Coca-Cola	Festina
france telecom	Nike	PMU	Sodexho
<u>Official Suppliers</u>			
antargaz	Cochonou	Coeur de Lion	CSC
GrandMere	Kawasaki	Mavic	Michelin
Norbert Dentressangle	Urgo		
<u>Technical & Institutional Partners</u>			
l'Équipement			

creativity, sometimes finance). As sponsors are mostly faithful, I guess it also brings them better results. This is due to the fact that large companies can mobilize their sales networks very easily at a national level because the event crosses France: this is not the case for arena or stadium events. Admission to the TF is also free, so there is a feeling that the TF belongs to the French: this feeling is accentuated because the event is very old.

A second major value of the TF is its international aspect: it represents the global image of cycling. Lance Armstrong is the best in the world because he is the TF's winner. Nobody knows the UCI (International Cycling Union) world cup winner.

MD: What is the average duration of a sponsorship contract?

J-FR: Our goal is to sign contracts for three to five years. We also have very long-term agreements, such as with Nike and Coca-Cola, who have signed through to 2009. The duration provides a good investment for the TF but also provides flexibility for the sponsor and us to best manage a long-term relationship.

MD: Who are the top sponsors now?

J-FR: Coca-Cola wished to have less visibility on the event and was replaced by Nestlé Aquerel (mineral water) which wanted to launch its product internationally and raise brand awareness. Coca-Cola wants to build a closer relationship with its consumer rather than to develop a presence and visibility. So our top sponsors are Champion (supermarkets), Fiat (Italian car ➤



producer), Crédit Lyonnais (French bank) and Aquarel (Nestlé mineral water): they invest 3.5 to 4 million euros each year.

MD: Who are your other sponsors?

J-FR: We have three levels. First, "The Club TF" (the four top sponsors) whose visibility is very high, particularly in the last kilometre of each stage. Second, the eight official partners, who have a good visibility during the race and represent their industry sector at the event. For example, Sodexo is the official restaurant of the TF while France Télécom is the official communications' company. Third, the 12 official suppliers have no visibility during the race but own exclusive communication rights in their industry. For example, Norbert Dentressangle is the official transporter of the TF while Kawasaki is the official motorcycle. These official suppliers are allowed to use the TF's logo in their general communication (advertising, brochures, promotion, public relations).

MD: How much do they pay?

J-FR: Between 1.3 and 2.3 million euros for the official partners, and between 0.38 and 0.6 million euros for the official suppliers (including their contribution of products).

MD: What values do sponsors look for from the TF ?

JFR: We have defined four key values for the TF, two of them obvious because they are linked to the race and to cycling. The first value is "France". Jacques Godet, who was

the director of the TF for more than 30 years, used to say: "French people learn their geography by watching the TF." This is also true abroad: in the USA the TF represents French culture through luxury goods, cooking, and fashion. French people appropriate the TF completely; it is "their Tour". Journalists usually say that it is not an event we watch but that we are actors and that it belongs to us. The event is old and free of charge, which reinforces this feeling.

Most French people have experienced this event as a child with their parents: when they become parents they do the same with their own children. There is no equivalent in the French sports system. This "French touch" is very apparent in the USA because the last stage up the Champs-Élysées always draws the best TV audience even though it is not the most interesting day from a sporting point of view, but it represents France abroad.

The second value is "heroism", which is illustrated by the mountain stages with huge crowds, the painted road to support the champions, and the heat: it is July in France and the weather is beautiful! L'Alpe d'Huez (a ski resort where the TF stops almost every year because it's such a hard climb) is a very good illustration.

The other values that characterize the TF are more general and less related to cycling: these are "celebration" and "sharing".

Our sponsors want a piece of each value. France Télécom is also interested in the fact the TF is a moving event. The TF is considered as the third event in the world (after the Olympic Games and the Soccer World Cup), and the first annual event. Even if these ratings are somewhat controversial, it is clear that the TF is among the top five.



MD: Some surveys show people who know about the TF are those who came with their parents when they were younger. Is there not a risk in attracting an older audience?

J-FR: Yes, it is true the TF is kind of a child's dream that continues and is still alive. But I do not believe the TF is only attracting an older audience.

There is one main reason we have good audiences during an event. The existence of a national champion. Jan Uhlrich is a real case study himself: Deutsche Telekom's sponsorship should be studied in Harvard! The image of the TF is incredible in Germany and the awareness is already very high (similar to France). When you mention the TF, 78 per cent of Germans think of Jan Uhlrich and 56 per cent of Deutsche Telekom: it is really impressive! The firm has been sponsoring Jan Uhlrich and his team for six years now and their profitability is exceptional. Investments in Michael Schumacher, for example, would be at least ten times more expensive. This investment is very cheap (around 5 to 6 million euros each year) compared to their results.

MD: Do the sponsors act to pressure or influence the event?

J-FR: As I said before, ASO is unique because we manage the event in its totality. The TF has always been a commercial event. It was created by a newspaper in order to promote the newspaper and provide it with stories to tell. Cycling was the first professional sport. The TF has always been innovative, the "maillot jaune" is a unique concept, and it is still the winner's

symbol in several languages. Very strong symbols have been created through the ages: the "maillot jaune" was created in 1920 and yellow was the color of the pages of *L'Auto* (the newspaper that organized and sponsored the TF).

To conclude, marketing has always played an important part in the TF since its creation. We have daily pressures, for example, to provide the best event and the best results for our sponsors. But this does not mean the sponsors organize the TF and have the power to change the event.

There are some questions related to the event. Each new sponsorship has to fit with its philosophy. We have four key values that we use as a segmentation tool because the audience is so wide.

Today the TF is in good shape having survived the most serious crisis in its existence (in 1998 three teams left the race because of a doping scandal and as a result the TF almost did not reach Paris!) I hope that the same thing does not happen to other sports even though I have the feeling that it will. We will be the first to get out of this "doping crisis".

Cycling has taken this problem much more seriously than cross-country skiing, skiing, soccer or track and field! We have the feeling that the worst moments are behind us.

With respect to sponsorship, every partner's action will focus on their main targets which are working to rejuvenate the image of the TF and to continue to attract young people. Actually the TF is getting better when you think that a French man has not won the race for 15 years yet the TF remains very popular! ➤



MD: I think that it needs to be more competitive. Was 1997 the last “big Tour” because the outcome of the race was uncertain?

J-FR: Yes, that is the problem of having a great champion like Armstrong!

MD: Do you come under pressure with respect to the route that the race takes?

J-FR: We solved this problem very easily at a marketing level: Jean-Marie Leblanc (the director of the TF) decides the route and we have no interaction with him on this point. When Deutsch Telekom wants the TF to start from Berlin (Germany) because they want to use it as a communication tool and they threaten to end their sponsorship if we do not accept, it will be a poor debate. In three or four years we go through all the parts of France therefore everybody should be satisfied, but the TF decides!

MD: Are the TF’s values different when you go abroad?

J-FR: Western Europe has a relatively coherent image of the TF, which is logical and normal. When you go to the other big sponsorship markets, Japan and the USA, the environment changes the opinion.

In the USA, the TF is clearly identified as the race: it is in France so there are cultural elements and road cycling is considered as a “trendy” sport. In the USA, the average price of a bike is five times higher than in France. Cycling is a top-of-the-range leisure activity. The US audience of the last stage on the Champs-Élysées (16 million people live) can be summarized as “East Coast,

educated, under 35, high income”! This “trendy” label does not exist in France because the TF is a universal event, the equivalent of the Super Bowl in the USA. In Japan awareness is weaker but it is the same image as in the USA.

MD: With respect to the US case, do Armstrong’s victories affect the TF’s image in his country?

J-FR: Of course, and particularly in terms of awareness. But to change the image would require fundamental changes to the event, and this is not going to happen. Anyway 56 per cent of the US already know the TF, which is a lot: it always belongs in the top five of non-American sporting events. You do not obtain these results in two years.

This image is well established: for example, at the beginning of the movie Pee-Wee’s Big Adventure, which is over 15 years old now, the hero dreams he is the TF winner. That means the TF has consolidated its image for years.

MD: Did it change the American sponsorship or the TV rights’ price?

J-FR: Some American sponsors have become interested in the TF and we will have discussions with them for the next few years. We did not change the price of the TV rights but we changed the format of the broadcast. The American situation is quite simple for us: first, we can broadcast live because our event takes place in the morning; second, we can have a daily summary on a sports network and a weekly summary on a big network. Today Outdoor Life Network



broadcasts the TF live and has a summary around 6.30, we have a daily 26-minute summary on Fox Sports, and finally CBS broadcasts a 52-minute weekly summary.

The press also plays an important role: when Armstrong gives his yellow jersey to George W. Bush as a present, we have the cover of *Time* or *Sports Illustrated*, which is incredible promotion for us. Lance's picture is painted on all US Postal's trucks around the country: he is a real sport superstar in the US.

MD: After the “doping revelations” in 1998, did some sponsors stop their sponsorship of the TF? I have the feeling teams are more concerned because they are perceived as being responsible?

J-FR: No, for us everything is OK, and the Crédit Lyonnais (sponsor of the yellow jersey) should again sign a long-term contract. The conclusion is cycling is probably the cheapest sport in Europe for sponsors and there is an enormous return: the name of the team has been the name of the sponsor since the 1920s. The TF is in good shape.

More precisely on the doping problem, it concerns the values of our group: Amaury group (press, TV channel) refuses to take a cynical position. It is a moral position, we have a vision of sport organized as a pyramid where the champion is at the top. These people want to see a realistic and egalitarian product, it is a fundamental value of our group. We do not build a TF for “genetically-modified gladiators”, always stronger and faster – the public would not accept it. Also some responsibilities lie elsewhere. There are some public services,

and national and international federations that have to assume their responsibilities. Some sports ministers let the situation evolve in the wrong way in the 1990s, so they must take some responsibility.

We respect the law but we do not have all the tools to control the situation. We could have organized our own anti-doping controls but the TF would not exist any more and the law is clear in France and in Europe: this is a public responsibility to avoid people who use dangerous and prohibited substances. Today, without being naive, we can say the situation in cycling is getting better.

MD: After 1998, Festina's awareness increased considerably and the public did not consider the brand responsible for the doping problems, particularly because its semantic link with cycling was weak (Festina produces watches).

J-FR: Spectators say: “Give me my TF back, and we want it to be safe for the athletes. Do your duty, organize a TF, and may the best man win.” Several surveys show people respect racing cyclists because it is a very hard sport, where you do not cheat and you pedal six hours a day. It is kind of curious because the reality is you cheat little in this sport, doped or not. In other sports like golf or tennis, where cheating would be used only to beat an opponent, it is much harder to justify.

Surveys show suffering is a very important value in cycling. How do politicians or students manage not sleeping for weeks? Doping is accepted in some activities but not in sport because it has to be an example and has to be perfect in our society. But sometimes this leads to ridiculous situations when you are not allowed to help an ➤



athlete because a forbidden medicine is required (in 2001 an athlete had to leave the TF after being stung by a bee because he needed a skin cream containing cortisone, a substance banned by the UCI).

The TF's TV audiences did not decrease, it was the other way round. They want a credible TF. But we take the doping threat seriously because we do not want to diminish the TF's image.

MD: Do you buy surveys from marketing agencies to evaluate the TF? Some sponsors say that efficiency can be measured by comparing the time of exposure on TV to the advertising cost?

J-FR: I do not believe sponsorship has the same dimension as advertising. You can think this way when you buy signs in arenas, this is logical. There is some visibility but no attribution value by being present around the stadium.

On the other hand, the presence in the TF and in the Paris-Dakar, which are very specific events, give brands the opportunity to claim something. For example, there is the technical complexity involved in organizing an event because a brand sponsoring the TF participates in what is considered by some to be the best sporting event in the world from an organizational point of view.

It is the same at the Paris-Dakar: there are some very strong values, such as "dream", "exotic" and a race often described as "the quest for the modern Grail"! This has nothing to do with signage. Of course, you need awareness because you want people to know you are a sponsor but there are also some

very strong values identified by consumers.

Once a sponsor wanted to leave the TF: some journalists and even the Ministry of Sports considered it as a scandal. There is no equivalent event to induce such passionate reactions. The TF is an event that belongs to France, that is why your sponsorship becomes so strong.

MD: ASO is unique: you organize the TF, you negotiate the TV rights, you manage the event from beginning to end. Do you have contacts with marketing agencies?

J-FR: We know them, of course, but we do not look for an agent, we do not engage in consulting. Our job is to organize our events, and it is not our style to have several ambiguous positions – consulting brands and owning events, for example.

First, agencies do not recommend us. Second, most of them are located in Paris and the TF is a provincial event. Third, the TF requires a real investment, you need to undergo an experience curve to be profitable. For example, you need experience to exploit a sponsorship of the TF when you need to mobilize your sales network. Most agencies do not know how to do this. Curiously I have very good relationships with foreign agencies: IMG New York calls me very often but IMG Paris never!

MD: Organizing sporting events is your main job. Are you going to create your own events in the future or will your growth remain external (buying other events)?

J-FR: There are several dimensions. Concerning cycling in France, it is hard to



imagine doing more because we own the most famous races: Paris Nice (class one, one week), TF (class one, three weeks), three world cup races (class one, one day, Paris-Roubaix, Liège-Bastogne-Liège, Paris-Tours). We could think about buying the "Tour of Flanders" in Belgium, which is an incredible event. JM Leblanc could launch a Tour of Belgium (one week long) that has existed in the past. But we are the world leader in cycling today. With respect to motor sports, the long-distance rally is a marketing niche. Apart from that, everything is dominated by Anglo-Saxon networks (Formula 1, NASCAR, WRC rallies, motorcycle Grand Prix).

Anyway our future growth will take place in the "ASO spirit", that means sporting events managed from A to Z with a long-term perspective (10 to 15 years). We will probably investigate two sports in the future: golf, whose popularity is very high and horse riding (there are currently no big French events). Horse riding is interesting because it is healthy, clean and very feminine. This might attract new brands for sponsorship relations. Concerning the rights owned by the international federations the situation will not be resolved for another five years. For now soccer is really not possible for us because it is expensive and hazy from a legal aspect, it is a mix between public and private sector and the rights belong to individuals or leagues.

Last year we studied the possibility of taking on sport adventure competitions because we have experience in managing big wandering mass events. It has been very fashionable recently but it is probably not profitable. In the US, the Eco Challenge

is a great event but this is a niche, there are no famous superstars and the rules are difficult to understand.

Yachting is interesting: there is the in-shore (clearly the America's Cup) and the off-shore. The Whitbread could have reached this objective but this race became a Swedish contest without American, English or French ships. We want to build the equivalent model of the America's Cup in this sector. We were contacted to buy "The Race": we thought about it because it is a great race built with modern sports marketing. They reached a 40 per cent awareness rate and developed good merchandising activity.

MD: Last point: you bought Futuroscope (a theme park with scientific attractions). Are you trying to imitate the soccer club Juventus Torino which wants to build an attraction park around its stadium? Do you believe this is the future of sport marketing?

J-FR: I am very surprised because sport is probably the only sector where America did not export its culture. American sports failed in Europe (NFL, NBA). Nowadays, the sports that dominate the world have European roots (soccer World Cup, Olympic Games, the Tour de France, Wimbledon, Roland-Garros "French Open"). In this sense I wonder why sport tries to imitate these principles of American culture (such as Disney, for example). It is like "walking on your head".

I do not believe this will be financially profitable. Apart from a museum, what is going to be included in Juventus' park? This team is as old as the TF, its legitimacy is ➤



incredible in sport but very weak in theme parks. This can be interpreted as repudiating everything that it was created for. The NFL, the NBA, the NHL or the NASCAR choose a better way by thinking collectively thanks to the draft, the sharing of TV rights or the salary cap. The aim of American sports is to reach a long-term equilibrium: when I represent an NFL franchise, I realize I belong to a global community that is more important than the individual franchise if we want the system to survive and to be profitable.

MD: Is it true, some French soccer teams want to get listed on the Stock Exchange? The risk is very high.

J-FR: Right, even Manchester United, which is considered as the most profitable model, sold its merchandising activity to Nike. Its turnover was about 30 million euros for a 110-person department which is not exceptional. There is a mirage of profitability in European soccer but the reality is different.

MD: Yes, shareholders do not care about turnover but are interested in profitability and Manchester United's market price has been going down for months. There is no team in Europe that has a stable market price.

J-FR: In France I only see two good businesses, Auxerre and Lens. These teams have a point in common: their origin was in local associations. Auxerre has Catholic and agricultural roots while the Lens team was built thanks to miners' trade unions and communist youth movements. The Church

and the Communist Party used to be the pillars of French social life, even if the situation has now changed. Since World War Two, these two teams have achieved good sporting results. Apart from these two teams there is speculator bull in soccer, but the situation will change in the future because the financial stakes are enormous in France and in Europe.

MD: Yes, the soccer league did not understand they need to preserve all the teams otherwise competitions are going to lessen in interest. Microsoft can take advantage of excessively dominating its sector, but you need rival teams in sport.

J-FR: Yes, that is what the American sport system understood 50 years ago. The NFL model exists and this is the direction to follow. American sport, like its economics, is very strong because it can evolve in a homogeneous and coherent market of 280 million people with the same culture and language. No sport in Europe has this strength. The NFL is like a state-controlled system in a liberal economy: this example shows that sport has to be centralised because it is a game with specific rules. If soccer can be structured on this model, one day we will think about being involved in it!

MD : That is the end of my questions. Thanks a lot for your answers, Jean-François: it was a pleasure to have your opinions on these subjects.

J-FR : You are welcome.



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Biographies

Jean-François Richard has studied advertising in a French business school. He began work in a small provincial advertising agency, then spent six years in Walt Disney Company, four years in Disneyland Paris and two years in Walt Disney Consumer Product. At this time he was contacted by the Tour de France but spent two more years in BMG (Bertelsmann Music Group) where he became promotion Director.

He joined ASO and the Tour de France in 1999: since this date, his position has not evolved, he is still the Director of Sales and Marketing for the different sport events organized by ASO.

Michel Desbordes was born in 1969. He began studying Economics in Strasbourg in 1987 and completed his PhD in Management Science (innovation in sports products) in 1997. His research is mainly about sport marketing (products and services). He has written five books and about 15 articles on this topics. He is associate professor at the Faculty of Sport Sciences (University Paris-XI) where he is responsible for the MBA "International Management of Sport".

Footnote

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