

Nation Branding of Russia through the Sochi Olympic Games of 2014

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The choice of the southern Russian city of Sochi as host for the XXII Olympic Winter Games in 2014 created a unique opportunity for the country to change its international positioning strategy. The only time Russia hosted the Olympic Games was the summer of 1980, in Moscow, and the event was boycotted by a U.S.-led block of Western nations. Thus the Sochi games may be not only the first winter Olympics ever held in Russia but also a huge international “comeback opportunity” to present a stronger, better, more glamorous as well as to re-position the country’s image globally.

The official selection of the southern Russian city of Sochi, in a resort area known as the Russian Riviera, as host for the XXII Olympic Winter Games in 2014 created an unparalleled, once-in-a-lifetime opportunity for the country to boost its international reputation and reshape the “red bear” image. The Sochi Olympics will follow the 2012 Summer Olympics in London, and that puts the unknown Russian town in the same arena as the famed British capital, where rich Russians, by the way, already have bought up everything of value. The only time Russia hosted the Olympic Games was the summer of 1980, in Moscow, and the event was boycotted by a U.S.-led block of Western nations in protest of the Soviet military invasion of Afghanistan. There is another interesting historical parallel here, with America’s deep troubles in a certain region of the world accompanied by the plummeting of the dollar. Thus the Sochi games may be not only the first winter Olympics ever held in Russia (by itself, a significant development for a nation that has won 293 Winter Games medals overseas), but also a huge international “comeback opportunity” to present a stronger, better, more glamorous image both politically and economically.

It is widely expected in Russia that this triumph of Putin’s will also help the country become more open, prosperous, and democratic. The Russian government has pledged 12 billion dollars to develop the Sochi area as a unique winter sports oasis on the Black Sea coast, near the Caucasus, right at the crossroads of Europe and Asia. The city enjoys the northernmost subtropical climate on earth. The fantastic snow conditions in Sochi’s Krasnaya Polyana area cannot be found elsewhere in Europe; they provide excellent opportunities for Alpine skiing, sliding sports, and ski jumping. The city’s location is symbolic: it lies 1,500 km east of Athens, Greece, the birthplace of the Olympics. So the stakes are high, money is pouring in, the nation’s reputation is on the line, and Mr. Putin personally is supervising all the necessary arrangements in his beloved resort area, far away from Moscow’s intrigues.

What Russians expect from this event, according to the Russian Public Opinion Research Center, is the following: increased prestige for the country (52%), a boost for athletic activities (48%), and a rise in national self-consciousness (26%). According to the daily newspaper *Moscow News*, 81% of the Russian population was in favor of the Sochi Olympic bid. That was the highest level of support among all the candidate countries. Almost 99% of young Russians (between the ages of 25 and 34) show an extremely high degree of interest in the event, though they are greatly concerned about the negative environmental effect of the massive Olympic construction under way in the Sochi area. Apparently, the international image and reputation of the great nation has finally become a matter of importance to virtually everyone in Russia.

From the Western perspective, the focal point of any global event, including the Olympic Games, is making lots of money. Would this factor become a driving force in Russia? That is unlikely, since the fuel-powered economy already has achieved a respectable level of macroeconomic sustainability. Instead, what the nation really needs is enhanced global status and identification as a unique and competitive brand in today's world. In the past five years, many countries, including Australia, China, Croatia, India, Poland, Slovenia, and South Africa, have launched nation-branding campaigns via web, print, and television.

Nation branding as a marketing and socioeconomic concept has been in existence since 1998, when a British consultant named Simon Anholt surprised the business world and the political establishment by suggesting that places and nations can be viewed as brands. Since that time the idea has made significant recognition worldwide. Many countries have closely understood the role of their global image in attracting the attention of international organizations, foreign-aid donors, and providers of technical assistance, as well as that of trade partners, investment bankers, and the global travel and hospitality outfits. Positioning the nation as a global brand is becoming more and more recognized and advantageous for small and big countries alike thought building a nation's brand equity requires time, money, and lots of work.

Many new challenges loom here, in comparison with the launch of a new line of Colgate toothpaste or other consumer items. Many countries are confused about how and to whom they should sell themselves. Normally they use global media such as CNN and the Internet to create a campaign that mainly portrays them as good and hospitable. The campaign generally looks and feels like a tourism promotion, with mixed results, rather than a broad attempt to depict the nation's comparative advantages within the global community. There are many institutional issues here: Who represents the nation? On whose behalf is the message being generated? What is the target audience? How to coordinate the effort under a single umbrella? Further, controlling and sustaining the nation's image on a global basis presents a challenge, since it might be tarnished overnight by negative news from the independent media or accidental celebrity.

It is more productive and much cheaper to brand the nation through a recent global event like South Africa's hosting of the 2010 World Cup or London's hosting of the 2012 Summer Olympics. In the case of London, even the original release of the ultramodern Olympic logo in June 2007 created a global controversy that put the city back into the headlines around the planet and prominently displayed its bid to appear bold and forward-looking. The logo, designed by Wolff Olins at the astounding cost of 400,000 British pounds, is a stylized representation of the date 2012 in pink, blue, green, and orange. Former Prime Minister Tony Blair said in this regard, "London 2012 will be a great sporting summer but will also allow Britain to showcase itself to the world." Well, even London needs to remind the rest of us periodically of its reputation. A very recent example of charitable donations pouring into Haiti after the earthquake versus troubles and sufficient 'donor fatigue' in case of helping people of Pakistan after the summer floods of 2010, also suggests that international image (a brand association) of a country is very important to trigger desirable response or not.

Isn't this similar to what Russians need and want? But do they live up to that expectation? The answer so far is, not quite. They managed to release a 2014 Olympic logo without any global sensation or even any real attention. It is a modest snowflake captured within the state banner. Obviously, the logo suggests winter in Russia. But is it new and fresh or globally appealing? Did the logo's designers test it in a variety of international markets? I am not sure. The good part of this development is that Russian legislation now provides a full range of regulations ensuring comprehensive protection of the Olympic symbol, motto, flag, and hymn, the terms "Olympic" and "Olympiad," and other Olympic designations and Olympic-related marks on the territory of the Russian Federation. The additional measures adopted in May 2007 by the Russian Parliament reinforced existing regulations and brought Russian law into line with European standards in the area of intellectual property protection. But was there a loss of the original momentum to promote the nation via the Olympics? Not completely, I hope, since the event is now some six years away.

The main focus of the organizers of the Sochi Olympics is currently on matters such as infrastructure troubles, the enormous scope of the new construction, tremendous road-building challenges, the electricity supply, the sewage system, revitalization of the hospitality industry, training of the service staff, and cleaning of the city neighborhoods. So far, the main investors at Krasnaya Polyana, the ski

resort where the main Olympic events will take place, are the state-owned gas giant Gazprom, the aluminum magnate Oleg Deripaska, and the mining tycoon Vladimir Potanin. Selected as the first main foreign investor was the Austrian construction giant Strabag, co-owned by Deripaska and contracted to upgrade the roads in Sochi for an impressive \$2.1 billion. British property developer Tom Rawlins and the managing director of the posh Hotel Baltschug Kempinski Moscow have been invited to build several hotels and luxury condos in the area as well. A number of Chinese companies have signed approximately \$1.2 billion worth of construction agreements, including some in the Sochi area. As a result of this investment boom, land prices have been climbing continually, reaching the level of \$100,000-150,000 per 100 square meters by the end of 2007. The Russian company M-Industria and the UAE's Allied Business Consultants are trying to sell the Russian government a \$6 billion project, a 330-hectare complex on a manmade island in the Black Sea only 15 km from Sochi, with a direct connection to the Olympic site. All these are good and important developments to move on and to talk about.

What we fail to see clearly here is the global reach of Russia as host to the rest of the world during the Sochi Olympics. This aspect should be amplified, promoted more vocally and better planned strategically. It takes a group of talented professionals working constantly as a team, in close contact with the media, to pull this off successfully. Are such professionals in place? Yes, we are aware that the CEO of the Sochi 2014 Bid Committee, Dmitry Chernyshenko, was recognized for the best communication campaign of 2007 at the closing ceremony of the First Worldwide Advertising Forum, held in Moscow in September 2007. The award honored the professional achievements of Mr. Chernyshenko and his team, outlined to the Forum delegates in his lecture "Gateway to the Victory: Building the Sochi 2014 Brand" the previous day. A good beginning, at least! Meanwhile, the official Sochi Olympic site available at www.sochi2014.com in Russian, English, and French is rather plain, dull, and devoid of attention-grabbing, image-building material. It mainly talks about committees and the geography of the site. You would hardly expect to achieve global appeal with such tame, overly controlled information.

Another powerful pre-Olympic promotional opportunity was lost at the annual International Economic Forum in Sochi in fall 2007. The gathering was aimed at introducing new Russian investment opportunities to the international business community. One of the Forum days was entirely dedicated to the Olympic plans and related investment opportunities. Eight billion U.S. dollars in private investments has been reportedly secured for the financing of Olympic projects, according to the agreements signed during the Forum. Altogether, a record number of more than 10,000 delegates from 19 countries attended the Sochi International Economic Forum in its three days. Including the Olympic projects, a total of 169 agreements and memorandums worth 23 billion U.S. dollars were signed, according to the evaluation report by the Russian Ministry of Economic Development and Trade. In attendance were ambassadors from nine countries and representatives of such famous international companies as Standard & Poor's, Deutsche Bank, EBRD, Nestlé, Siemens, Ernst & Young, Freshfields, and others. Again, the PR strategic campaign and the global media should have been an integral part of the event and of every aspect of regional life. But did we see major international publicity and massive CNN coverage in this regard? There were sporadic efforts, perhaps, but the campaign was not consistent with the scope required for successful nation branding. Did the Forum expand nation brand awareness and improve brand image? The event was never designed by its organizers to achieve that goal; it was intended at most as an investment venue. The Olympic theme turned out to be a background for solving more important problems: Who gets what piece of the pie...

In fairness, we must point out here that acceptance of the achievements of Russian culture, science, and art in the West has always been high. From Diaghilev's Ballet Russes to Coco Chanel's Russian inspirations in fashion, from Fabergé eggs to the first Sputnik, a nation that can do anything and challenge the world from every possible perspective has always been portrayed as grand, mysterious, and unfortunately dark. Century after century since Peter the Great, many Russian official attempts to change and improve that image have been politicized and rejected by influential individuals and governments worldwide. Sometimes a breakthrough is more apt to be found by assessing the commonalities, rather than the differences, among nations. Global interest in sports is one such commonality that could serve as a foundation for newfound popularity and interest. An opportunity to change the nation's image is desired from within and expected from without. This historical opportunity must not be missed again. This is a propitious moment for Russia to resume country's pursuit of international fame, glory, and appreciation.

Now is the time to start work on nation's re-branding in Russia. The 2014 Olympic Games offer unlimited global appeal, huge potential, and new media opportunities for such an undertaking. It will require much in terms of effort, expertise, and resources. All these things the country already has in place. Unfortunately, the global financial crisis and continuously falling crude oil prices severely impacted the Russian financial potential and economic outlook. Many construction sites around the country and even in downtown Moscow are still frozen. The only hope that is still standing is the prestige of the country in front of the rest of the world, Russian historical ambition to heroically overcome all troubles, and some back-up funds that have been already allocated. The process of moving Russia's brand association to a newer better territory in the minds of the people has begun. Sochi Olympics must be a substantial millstone in this regard.