Globalisation and globesity: the impact of the 2008 Beijing Olympics on China

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Abstract: Westernised countries are currently in the midst of an obesity epidemic, and developing nations such as China are already showing signs of a similar crisis. We contend that additional increases in caloric intake and declines in physical activity within the Chinese population are likely the consequences of marketing leverage created by sponsors of the 2008 Olympics. Many of the Olympic sponsors are directly involved in high-calorie foods or low physical activity. These are mainly in the form of calorie-dense beverages (e.g., Coca-Cola) and foods, and sedentary activities such as television viewing and motorised transport. In this essay, we argue that rather than representing the pinnacle of health and activity, the 2008 Olympics will serve to accelerate the opportunities for massive multinational globalisation. A consequence of this will be an increase in the mortality, morbidity and disability attributed to the major noncommunicable diseases for the Chinese population.

Keywords: Olympics; sponsorship; China; physical activity; obesity.


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1 Introduction

Western companies such as McDonalds, Coca-Cola and Volkswagen are using their association with the 2008 Olympics as a key strategic platform from which they can further penetrate the Chinese market. If successful, increased consumption of their products (as well as their competitors’ products) is likely to result in increased levels of obesity at the population level because of a combination of increased caloric intake and reduced energy expenditure. The purpose of this article is to argue that the 2008 Olympics will be fuel on the fire of China’s already looming health crisis – a crisis largely attributable to an increased caloric intake and a decline in physical activity.

In 2008, the city of Beijing will host the 29th Summer Olympic Games. Athletes from around the world will congregate in and around Beijing to participate in 26 sports over 16 days. For many, their participation will represent the pinnacle in athletic achievement. Ironically, an event of this nature is likely to have long-term negative health outcomes for the Chinese population. The Olympic Games are heavily dependent on the sponsors that contribute millions of dollars to associate themselves with sports and the athletes (Simson and Jennings, 1992; Preuss, 2000). By itself, this is not problematic for China. What is alarming is that most of the current major sponsors are directly involved in high-calorie products and/or low physical activity, mainly in the form of calorie-dense beverages (Coca-Cola) and food (McDonalds) as well as motorised transportation (Volkswagen). There is also an indirect involvement with many organisations (Samsung, Panasonic, General Electric, Legend Group) engaged in the manufacture of labour-saving (vacuum cleaners, washing machines) and passive recreation (television, computers) devices.

Evidence exists that caloric intake is increasing and physical activity is declining in China (Popkin et al., 2001). Clearly, the 2008 Olympics cannot be held responsible for these trends as fast food chains, motor vehicle companies, and the manufacturers of labour-saving and passive recreation devices were established in China even before Beijing was announced as the host city. The argument put forward here is that the 2008 Olympics will assist a number of companies to market to the Chinese population calorie-dense food and beverages as well as devices associated with reduced energy expenditure. To be clear, the 2008 Olympics will not create China’s obesity problem but it will exacerbate it. In so doing, the International Olympic Committee (IOC) and its sponsors are contributing to globesity – the worldwide epidemic that is obesity.

In the section to follow, we present the 2008 Olympics and its sponsors as catalysts for an even greater Foreign Direct Investment (FDI) by multinational corporations. Our attention then turns to the role of nutrition and physical inactivity in the prevention of noncommunicable diseases. Following this, a number of 2008 Olympic sponsorship relationships are examined in terms of their ability to contribute to China’s growing obesity problem.
2 Foreign direct investment, China and the 2008 Olympics

The corporate world is becoming increasingly global (Miller et al., 2001). The predominant motive for foreign companies to invest in China is to gain access to its very large domestic market (Daniels et al., 1985). FDI refers to “the objective of obtaining a lasting interest by a resident entity in one economy (the direct investor) in an enterprise (foreign direct investment enterprise) resident in another economy” (OECD, 1996). In China, the permissible forms of FDI are joint ventures, cooperative joint ventures, wholly foreign-owned enterprises, holding companies and Build-Operate-Transfer (BOT) projects (Shuai, 1999). Increases in FDI have resulted in greater global economic integration (Baldwin and Martin, 1999). FDI has been described as ‘the single most important factor’ contributing to the globalisation of the international economy (Henley et al., 1999,p.223). Bottelier (1998) stated that: “globally, the corporate world is becoming increasingly intertwined. The (multinational corporation) is both a vehicle for generating FDI as well as a product of it... In fact, much globalisation is driven by (multinational corporations).”

China represents a crucial piece of the globalisation jigsaw. FDI began in China in 1979 (Pingyao, 2002). In 1978, Deng Xiaoping’s ‘open door’ policy set about transforming the Chinese economy, which had been previously ‘off-limits’ to western companies. For Western multinationals faced with mature markets and sagging demand in slow moving Western economies, the Chinese marketplace and its estimated 1.2 billion consumers represent a ‘holy grail’. According to the OECD (2003a), China became the world’s largest recipient of FDI in 2002. The United States-China Business Council (2003) suggested that China’s strong FDI inflows were related to China’s entry to the World Trade Organisation (WTO) in 2001, preparations for the 2008 Beijing Olympics and the government’s push to build up the nation’s infrastructure. However, FDI inflows per capita in China remain lower than most other countries, and much of the spending has been concentrated in low-technology, labour-intensive manufacturing projects such as footwear and clothing. FDI from OECD countries is underrepresented in China, with nearly half of cumulative-realised FDI in China originating in Hong Kong. The OECD (2003b) summed up China’s foreign investment performance as “trying hard, doing well, but could do even better”.

China was unsuccessful in its bid to host the 2000 Olympics (Ren, 1999). Rod McGeoch, leader of the successful Sydney bid, recalled the difficulty in overcoming the more substantial commercial opportunities provided by Beijing to Olympic sponsors. He wrote, “There was clearly a fascination with China as an emerging economic superpower and the idea of the Middle Kingdom opening up to the rest of the world” (McGeoch and Korporaal, 1994,p.219). McGeoch (p.217) observed that “many people could not see past the purchasing power of more than a billion potential customers, all supposedly buying Cokes, eating Mars bars and using Visa cards and Brother typewriters and Ricoh faxes or whatever”. Beijing did not pursue the 2004 Olympics, electing instead to bid successfully for the 2008 Olympics. Sponsors were regarded as being blinkered by the potential financial rewards provided by China’s marketplace of 1.2 billion consumers, despite their questionable human rights record (Booth, 2001; Toohey, 2001).
The Beijing Organising Committee for the Olympic Games (BOCOG) launched the marketing plan of the Beijing 2008 Olympic Games in September 2003. This plan forms the basis for both domestic and overseas companies to take part in the broadcasting, ticketing, sponsorship and licensing programmes associated with the 2008 Olympics. The Olympic sponsorship programme, which contributes more than 40% of Olympic marketing revenue, is conducted on three levels. At the highest (and most expensive) level is the IOC’s The Olympic Partner (TOP) Programme. TOP partners have worldwide Olympic marketing rights and are the official sponsors of the Olympic Games, International Olympic Committee, Organising Committees, and over 200 National Olympic Committees and Olympic Teams. The TOP VI programme, which will operate between 2005 and 2008, includes Coca-Cola, McDonalds, General Electric, John Hancock, Kodak, Panasonic, Samsung, Atos Origin, Lenovo, Swatch and Visa. The second tier Olympic Games Programme (OGP) is targeted within the host country and focuses directly on supporting the Organising Committee for the Olympic Games (OCOG). BOCOG is responsible for the 2008 Olympics. Partners in this tier of sponsorship are granted marketing rights exclusively within China. The BOCOG Sponsorship Programme consists of three tiers of support – Beijing 2008 Partner, Beijing 2008 Sponsor and Beijing 2008 Supplier (Exclusive Supplier/Supplier). In addition to the TOP programme, many National Olympic Committees (e.g., Australian Olympic Committee) develop sponsorship programmes to assist in the development of athletes in their country. These sponsorship programmes grant Olympic marketing rights within the geographic boundaries of a country. To prevent ambush marketing, the marketing efforts of the host NOC and the OCOG are combined. For 2008, this means that there is a single marketing plan for the Chinese Olympic Committee (COC) and BOCOG.

3 Diet, physical inactivity and noncommunicable diseases

In May 2004, the World Health Organisation (WHO) released its Global Strategy on Diet, Physical Activity and Health (WHO, 2004). WHO indicated that mortality, morbidity and disability attributable to major noncommunicable diseases accounted for approximately 60% of all deaths and 47% of the global burden of disease. In developing countries, 79% of deaths were attributable to noncommunicable diseases. WHO (2002, p.1) commented that these trends are “a consequence of the demographic and epidemiological transition, including those in diet and physical activity, and the globalisation of economic processes”.

These transitions are nothing new. In fact, cultures around the world have been undergoing modifications in diet and the physical demands of day-to-day living for thousands of years. However, in over the past two centuries, and especially in the past few decades, these changes have accelerated (Popkin and Du, 2003). Developing countries such as China are experiencing unprecedented changes in population overweight and obesity. These transformations are more prevalent in urban areas (Cheng, 2003; Ji et al., 2004). The economic and social burdens of downstream noncommunicable diseases (e.g., type-2 diabetes, cardiovascular diseases) are likely to have significant impacts on developing countries such as China.
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We assert that the increased FDI and direct marketing opportunities created in China by the 2008 Olympic Games will serve to expedite the development of a pathological environment for physical inactivity and consumption of readily available high-density, high-calorie foods. The sponsors of the 2008 Olympics are directly linked to this pathogenesis through products supporting inactivity (e.g., Volkswagen, Panasonic, General Electric, Samsung) and energy-dense, low-substance foods (e.g., Coca-cola, McDonalds). In the following section, a series of case studies of these organisations’ FDI and Olympic-related marketing strategies is presented.

4 2008 Olympic sponsors and globesity

4.1 Coca-Cola

Coca-Cola is the world’s largest manufacturer, marketer and distributor of non-alcoholic beverages (Allen, 1994). The company built its first bottling plant in China in the decade following World War I. Coca-Cola is also the first US company to distribute its products in China after Deng Xiaoping’s ‘open door’ policy. Today, Coca-Cola has an ownership stake in 24 bottling joint ventures. Most of the joint-venture investment is directed via Swire Beverages and Kerry Group – two Hong Kong-based companies that Coca-Cola partly owns. Coca-Cola also operates a wholly foreign-owned enterprise in Shanghai and is the direct joint-venture partner in a similar facility in Tianjin (Weisart, 2001).

The consumption of carbonated beverages high in sugar contributes a major source of dietary calories and has been correlated with obesity in several studies (e.g., James et al., 2004). This source of refined carbohydrate is often regarded as ‘empty calories’ because of rapid absorption and lack of micronutrients. As such, any consumption of Coca-Cola by a Chinese seems to have little value for his or her future health.

The 2002 Coca-Cola Annual Report (Coca-Cola, 2002) stated that the average per capita consumption of Coca-Cola products in China was ten units, compared with the worldwide average of 72. China’s per capita consumption of Coca-Cola beverages was significantly lower than Mexico (487), USA (436), Chile (334) and Australia (309). When the low level of per capita consumption is combined with China’s 1.2 billion inhabitants, the potential for economic gain is clear. Peter Franklin, worldwide director of Olympic management for the Coca-Cola Company, described China as “one of the most important and fastest-growing markets for Coca-Cola” (Yan, 2003). Coca-cola clearly seeks to direct its Olympic sponsorship to increased sales within the Chinese marketplace. As the company itself proclaims, its Olympic sponsorship “illustrates the expertise of the world’s top brand in leveraging special events to communicate more effectively with consumers in a unique and memorable way” (Coca-Cola Company, 2003).

4.2 McDonalds

McDonalds Corporation operates in the foodservice industry and primarily franchises quick-service restaurant businesses under the McDonalds brand. In China, McDonalds is already considered an everyday part of life (Watson, 1997), and at the beginning of 2004, McDonalds has 580 stores in China. By 2008, McDonalds expect to have an excess of 1,000 stores in the said country (BBC, 2004).
In February 2004, McDonalds announced its commitment to sponsoring the Olympics through 2012. A press statement issued by McDonalds Corporation (2004) contained two significant statements, with respect to the argument being put forward in this article. Peter Tan, McDonalds’ relationship partner in China stated: “It is our honor and privilege to continue the McDonalds tradition of serving athletes from around the world a familiar taste of home”. Jim Cantalupo, McDonalds’ Chairman and Chief Executive Officer, argued, “Our renewal for the next four Olympic Games is a statement of support for the importance of the Olympic from a global leadership perspective and the benefit of physical activity and sports to a balanced, active lifestyle”.

These two comments are full of irony and are central to our concerns. McDonalds is not likely to be a ‘familiar taste of home’ as most of the athletes have dietary needs that are the antithesis of that provided by McDonalds. Although McDonalds has recently made major improvements in the nutritional composition and quality of its products, the fact still remains that their cheapest and most popular products are high in saturated fat (Super Size Me, 2004). The Greek News Digest (2004) reported that McDonald’s Hellas, the Greek subsidiary of McDonalds, expected its 2004 sales to rise 8% greater than that of 2003’s because of the Athens Olympics sponsorship.

4.3 Volkswagen

In early 2001, the Chinese Government designated the motor vehicle industry to be one of seven ‘pillar industries’ in the economy (Walsh, 2003). China will account for 18% of the world’s growth in new car sales from 2002 through 2012 (Chan, 2004), as an estimated 74 million families in China have sufficient savings to purchase a vehicle but are yet to do so (Lienert, 2003). Madslien (2002) wrote: “The huge growth potential offered has led the world’s car makers to pinpoint China as the battleground where they will slug it out over the next decade.” It is predicted that the ownership of motorised transportation in China will increase from 4.2 passenger vehicles per 1000 people in 1995 to 54.3 passenger vehicles per 1000 people in 2025 (Kobos et al., 2003).

The irony of motorisation is that it is often lauded as one of the pinnacles of human invention. The reality is, car dependence is associated with increased sitting time and reduced opportunity for physical activity (i.e., energy expenditure). Concerns regarding the impact of motorisation on China’s health are currently focused on increases in vehicle emission pollution (Walsh, 2003). However, emission-related health problems are relatively minor when compared with downstream lifestyle diseases associated with vehicle use. In 1997, the results of a large-scale cohort study in eight Chinese provinces demonstrated that there is an 80% higher chance of being overweight or obese in a household with motorised transportation (Bell et al., 2002).

On June 10, 2004, Volkswagen Group China (VGC) was announced as the first company to commit to the BOCOG Sponsorship Programme. Perhaps coincidentally, three days earlier, General Motors announced a US$3 billion investment in the Chinese market. The investment will double its manufacturing capacity, introduce new vehicles and set up an auto-financing venture (Zhengzheng, 2004). VGC established its first joint venture in China in 1984 and is the largest car manufacturer in China, with a 30% market share. VGC operates two car joint ventures in China – with the First Automotive Works Corp. and Shanghai Automotive Industry Corp. In July 2003, VGC released a five-year plan to invest six billion euros (US$7.62 billion) into the Chinese economy (China Daily, 2004).
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It is clear that China offers a substantial potential growth market for automobile manufacturers. Volkswagen’s Olympic sponsorship in China is likely to result in increased reliance on motorised transportation in China, especially in urban areas. BOCOG’s Transport Construction and Traffic Management Plan (BOCOC, 2002) speaks in glowing terms of how the proposed infrastructure development and transportation networks will benefit China (BOCOC). However, there is little doubt that the car revolution in China, which is now associated with the 2008 Olympics, will result in decreased physical activity and in turn, negative health outcomes for the Chinese people.

4.4 Panasonic, Samsung, Legend Group and General Electric

These companies are grouped together because they are involved in the manufacture and marketing of labour-saving devices. These include home appliances (washers and dryers, microwaves, dishwashers, etc.) and consumer electronics (e.g., televisions, computers, telephones). The aforementioned devices are associated with sedentary behaviour or the reduction of energy expenditure. While the use of household appliances may result in increased time available for physical activity, the evidence indicates that people are more likely to engage in sedentary alternatives. At issue here is the difference between time-saving (i.e., washing machines, irons, microwaves) and time-using devices (i.e., television, radio, computer). The evidence indicates that the diffusion of time-using devices (which are almost always sedentary in nature) has been greater than the diffusion of time-saving devices (Bowden and Offer, 1994). The net result is that physical activity is most unlikely to be used to fill any time void that the Chinese population experience because of increased use of household appliances. Furthermore, it has been argued that given the growth of time-saving and time-using technologies as well as the presence of an abundant and energy rich source of food supply, “obesity, at least at the population level, is almost an inevitable consequence of modernisation” (Egget et al., 2001, p.636).

General Electric manufactures home appliances and consumer electronics (excluding computers), and owns a number of television broadcasters including NBC (which will broadcast the 2008 Olympics to North America). Panasonic and Samsung are well-known players in the consumer electronic market (audio, DVD, television, computers and telephone), while Lenovo specialises in computer hardware manufacture. Computer use, television watching and household labour-saving devices have been implicated in the aetiology of obesity and physical inactivity, yet new labour-saving devices are being invented every day. This is especially the case in consumer electronics and home appliances. The outlook is bleak for reversal in the continuance of an obesogenic environment in developing countries. There is now evidence for links between television watching, increased sedentary behaviour and increased risk in children becoming overweight and obese (Vandewater et al., 2004). In adults, there is evidence of an increased likelihood of snacking while watching television (Gore et al., 2003). It appears that television viewing has the double impact of being a sedentary activity combined with an increased caloric intake.
5 Olympics as a stimulus to sport and physical activity

To what extent might the impact of increased caloric consumption and use of motor vehicles be offset or mitigated by a surge in interest in sport and physical activity? In a study conducted after the 2000 Olympics, only 4% of the Australian population who had become more physically active since the Olympics attributed this to the said event (Baumann et al., 2001). The authors concluded that this proportion was “not large enough to influence physical activity participation overall”, adding that “the Olympics was not likely to have specifically resulted in increases in physical activity participation in the whole community” (p.28). There is also little likelihood of a ‘trickle down’ effect from the Olympics into increased financial or other support, or into increased participation at the grassroots level. Research findings indicate that following investment at the high performance end of a sport, inequalities result in sporting investment and that lower levels of the sport are hindered in their advancement (Hindson et al., 1994; Pringle, 2001). On both accounts, it is unlikely that the negative impact of increased caloric consumption and motor vehicle use associated with the 2008 Olympics will be offset by physical activity increases associated with the same event.

6 Conclusion

We call upon the IOC to establish a Physical Activity, Nutrition and Health Commission with terms and references similar to that of the IOC Sport and Environment Commission. The Sport and Environment Commission advises the IOC Executive Board on the policy to be adopted by the IOC and the Olympic movement on matters related to environmental protection and sustainable development. The practical outcome of this is that host cities are required to adhere to strict environmental protection standards. The IOC’s objective is to see no negative impact on the environment, and where possible, improve the environment and leave a green legacy. A Physical Activity, Nutrition and Health Commission would be in a position to ensure that each Olympic Games bid city makes an effort to promote healthy nutrition and physical activity. To support the Physical Activity, Nutrition and Health Commission, we propose that the following paragraph be added to the Olympic Charter:

“[The IOC] sees to it that the Olympic Games are held in circumstances which demonstrate a responsible concern for physical activity and nutrition, and encourages the Olympic movement to demonstrate a responsible concern for such issues, take measures to reflect such concern in its activities and educate all those connected with the Olympic Movement as to the importance of increased physical activity and reduced caloric intake.”

There is little doubt that China is in the midst of massive social and economic upheavals, with further changes seemingly inevitable. We consider that the rapidity of this pathogenesis is likely to increase with the Beijing Olympics in 2008. It is not the Olympic Games itself that is directly responsible for the negative outcomes. Rather, it is the market opportunities and the sorts of FDI that the Olympic sponsorship programme attracts to the Chinese marketplace. As sponsors, Coca-Cola, McDonalds, Volkswagen, Panasonic, Samsung, Lenovo and General Electric are partially responsible for this massive change. Although these multinationals will undoubtedly benefit from their investment in China and their association with the 2008 Olympics, there is likely to be
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substantial long-term economic and health costs for China. In this way, the Olympic movement, and in particular the IOC and its sponsors, is contributing to the advancement of globesity.

Most developing countries are now realising that obesity is best recognised as a chronic epidemic illness. China is on the technology escalator, moving rapidly towards automation and sedentary lifestyles where high calorie, high-density food is also readily and cheaply available. There seems little doubt that the world’s most populous nation is at the beginning of an explosion in lifestyle-related diseases. The irony of the 2008 Olympics is that being the pinnacle of health and physical prowess, the event will serve to accelerate the opportunities for massive multinational globalisation and ultimately, globesity.

References


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