

CHAPTER 12



Sponsorship

Introduction

Sponsorship as a communication vehicle for companies to reach targeted consumers has been growing rapidly for the last 25 years. Global spending for sponsorship contracts has increased from \$2 billion in 1984 to an approximately \$37.7 billion in 2007; that reflects an increase of 11.6 percent from the \$33.7 billion spent in the previous year. According to the IEG Sponsorship report, U.S.-based companies increased sponsorship expenditures in 2007 by 11.7 percent, to approximately \$15 billion. European companies had plans to spend \$10.6 billion in 2007, an increase of 11.6 percent from the \$9.5 billion spent in 2006. Similar trends are also evident in other parts of the world; Asian Pacific companies estimated sponsorship spending to hit \$7.4 billion in 2007 (+15.6 %), Central and South American companies were expected to spend \$3 billion (+11.1%), and companies from all other regions combined undertook approximately \$1.8 billion (+5.9%) worth

of sponsorship. The IEG Report also predicted sport-related sponsorship agreements in the U.S. alone to hit a record amount of \$9.9 billion in 2007 (+10.8%), (*Sport Business News*, 2007).

Sponsorship can be described as a “mute” or “non-verbal” medium that targets active sport participants, spectators, and media followers in order to enhance the sponsors’ brand awareness and image, and consequently, increase the sponsor’s product or services sales (Cornwell & Maignan, 1998). It is formally defined as “a cash and/or in-kind fee paid to a property (typically sports, arts, entertainment, or causes) in return for access to the exploitable commercial potential associated with that property” (Uckman 1995). It is, in other words, the acquisition of rights to affiliate or directly associate with a product or event for the purpose of deriving benefits related to that affiliation or association. These benefits may take the form of brand image enhancement, retailing opportunities through point-of-sales and various promotional activities,

naming rights for a sport facility and/or sporting event, acquisition of media time for direct advertising, signage, and hospitality. Specifically, sponsorship agreements provide the legal foundation for:

- The right to use the sport property's brand associations (name, logos, trademarks, mottos) in order to accentuate the sponsor's direct association with the property (exclusive association within a product or service category, official sponsor/supplier/product, etc.) through advertising spots, promotional activities, publicity opportunities, or any desired means of communication.
- Naming rights for the sporting event, or the facility.
- The right for the sponsor to execute promotional happenings (e.g. contests), direct advertising, and sales-focused activities in conjunction with the sporting event, the facility and/or the web presence of the property.
- Hospitality benefits for the sponsor's customers and/or employees.

Sport sponsorship has its roots in ancient Greece, where cultural and religious events (often games to honor the deities) were financed from *Chorigia* (sponsorship) by wealthy citizens of the City-Republic. This practice was also observed in ancient Rome, where Roman aristocrats (patriarchs) sponsored gladiator games and spectacles to attract public support and recognition. In modern times, and until the early 1980s, corporate sponsorship had the form of donations to various cultural and sporting events with no specific expectations, on behalf of the sponsoring company, of taking anything in return for their support. However, after the financial success of the 1984 Olympics in

Los Angeles, and the wide acceptance of tobacco corporate sponsorship in motor-sports events worldwide (due mainly to U.S. government regulations against cigarette advertising on radio and television), the nature of sponsorship has dramatically changed. A market-driven approach has replaced the previous philanthropic nature of sponsorship activities, and involvement in sponsorship agreements and relations is now considered as business-related behavior (Uckman 1995). Corporations can utilize sponsorship as a strategic marketing tool to reach their targeted markets of consumers, helping the organization in its quest for a sustainable competitive advantage (Amis, Slack, & Berrett, 1999). As more management executives become aware of the numerous advantages of sponsorship over the traditional forms of direct advertising, approaches to sponsorship from sponsors, sport properties and consultants are becoming more professional, research, and results-oriented.

In an era of escalating advertising fees around mega sport events, where a 30-second ad during the Super Bowl half-time period has a price tag of \$2.6 million, sponsorship advantages are very difficult to ignore. Sponsorship offers higher levels of visibility for the sponsor, extensive media coverage, and increased publicity opportunities (all of them leading to brand awareness). However, the greatest of all advantages is the potential for brand image enhancement, and as a result of this, fan loyalty to the sponsor's products and/or services.

Product loyalty is a sought-after marketing objective for corporations because it is easily transformed into repeated sales and increased revenues. Sports are often associated with fan engagement and loyalty. As sport spectators are exposed to corporate messages under the favorable

conditions of excitement and enjoyment that sporting events generate, they are more receptive to those messages (Dolphin, 2003). In addition, fans tend to appreciate and reward with their loyalty corporations that financially support their favorite club, team, or athlete, thereby securing their success in and out of the sport arena. The NASCAR case, where racing fans not only are highly associated with the league, but also fanatically support a specific driver (and the products he endorses), is the desired outcome all corporations wish to achieve through their sponsorship agreements.

Causes of Sport Sponsorship Growth

There are several factors contributing to the growth of sport sponsorship for the last 25-30 years (Hardy, Mully, & Sutton, 2007). A list of the most significant factors follows:

1. *The U.S. government ban on tobacco and alcohol advertising:* The ban of tobacco advertising on TV in the early 1970s forced tobacco firms to redirect marketing budgets and brand-building efforts in promotional methods other than direct advertising. In the late 1990s, the tobacco industry spent approximately \$200 million in sport sponsorship, most of it in motorsport-related events (Furlong, 1994).
2. *Excessive "noise" in the print and electronic media:* With the increase of channel availability through cable television, the expansion of the Internet and world wide web, and the growing number of special-purpose magazines and newspapers, direct advertising in recent years has experienced a substantial growth. As a result of the plethora of print and electronic media, the average consumer is bombarded with thousands of messages for commercial products and services every day. That situation creates "noise" in the consumer's mind, which does not allow advertising messages to achieve their full potential. In such noisy environments, advertising dollars are almost wasted. Today, companies try to identify methods that overcome these noise obstacles and allow their messages to reach the targeted consumers with as little noise as possible. Sponsorship is a great alternative because, under certain circumstances, it can minimize the noise effects observed in direct advertising (i.e., exclusivity clause in sponsorship agreements, purchase of naming rights, designation of the company as the official sponsor/provider of a product/service, etc.).
3. *Rising advertising costs for television exposure:* Advertising costs for companies that want to secure exposure in media with national appeal continue to rise. The cost of a 30-second advertisement in the 2007 NFL Super Bowl was \$2.6 million, an increase of 15 percent from the 2004 Super Bowl. This situation led corporations to the realization that advertising may not be the cost-effective proposition that it was in years before. Involvement in sponsorship partnerships with sport properties has been proven to achieve a higher level of exposure for corporate partners and, in most cases, at lower costs compared to exposure gained through traditional advertising campaigns.
4. *The increasing commercialization of sport:* Sponsorship became an ac-

ceptable form of support for amateur sports as their National Governing Bodies found in corporations the ideal partner to help them realize their organizational goals and growth plans. The financial success of the 1984 Summer Olympics held in Los Angeles was the very first successful example of the tremendous potential this partnership might have for sport properties all over the world. Until then, mega sporting events like the Olympics were mainly financed by public subsidies and by the International Olympic Committee (which, at that time, was at the verge of bankruptcy). The 1976 Olympics in Montreal is a vivid example of financial failure; it took the city of Montreal more than 30 years to pay off the debts generated to stage those games. Peter Ueberroth, President of the Los Angeles Olympics Organizing Committee (LAOOC), faced the resulting reluctance of public authorities to financially support the Games and developed a different vision for the event. His vision called for corporations to become partners by developing a mutually beneficial relationship. One of his actions was to limit the number of Olympic sponsors to 30 in order to reduce the clutter (noise effect) of advertising. He also established category exclusivity, where a corporation could buy the right to become the only sponsor within that product/service category. The adoption of these actions allowed Ueberroth to significantly increase the sponsorship fees that corporate sponsors had to pay, thereby securing the viability and financial success of the Games. At the same time, sponsors realized the increased benefits that Olympic sponsorship had to of-

fer, as sponsors and property worked together to achieve common goals (e.g., securing Games exposure, increase in sponsors' brand awareness and positive image, prevention of ambush marketing, success of hospitality events, achievement of outstanding event management etc.). The realization of corporations that sponsorship is the desired platform of corporate exposure was given another boost after the IOC president's decision to allow professional athletes to participate at the 1992 Olympics in Barcelona, Spain. The participation of high-caliber professional players for the first time in history was received with much enthusiasm and positive feelings from the public, and subsequently from major corporations, which saw in this action, a unique opportunity for exposure to greater consumer masses all over the world.

5. *The increasing media interest in sport programming:* The public interest in sports has been growing steadily for the last 30 years as a result of changing lifestyles, availability of leisure time, and increasing participation in fitness and sporting activities (e.g., the fitness boom in the 1970s). This interest is also translated into interest for additional sport programming. The advent of cable television as well as the growth of new media sources (the Internet, subscription services via satellite, pay-per-view channels) were instrumental in satisfying the public's desire for more sports programming, and, at the same time, the needs of sponsors for additional means of exposure through them. These reasons, along with the fact that networks find sporting event broadcasting less costly to produce

- compared to sitcoms, shows, or documentaries, create a formula of success that media outlets find difficult to ignore. The example of the X Games, created by ESPN in 1995, demonstrates how a non-traditional sporting event, influenced by the alternative lifestyles characterizing Generation X, found viewership success in mainstream media surrounded by devoted fans and major corporations and brands sponsoring its activities, with a loyalty that is admirable in the sponsorship business (Puchan, 2004).
6. *Changes in governmental policies related to sport activity around the world:* Although in the United States funding for the national governing bodies (NGBs) of various sports is coming from private sources (through fundraising events, institutional grants, and other various activities), in other parts of the world government funding for the development of grassroots programs is the primary source of support. In Greece and China, two of countries that have recently accepted the responsibility for organizing Olympic Games, government funding was behind every action that the NGBs undertook. In difficult financial times, where public sources are scarce, NGBs felt the need to look for other sources of funding in order to cover their budgetary deficits (DeSchrive & Jensen, 2003). Corporations and private institutions were then targeted to contribute financially in exchange for media exposure. Companies were, through sponsorship, also able to improve their public image by demonstrating good corporate citizenship.
 7. *The globalization of sports, and corporate desires to successfully penetrate foreign markets:* Doing business in a foreign country is a challenging experience for many corporations, since they have to overcome cultural and language barriers, and adapt their production, employment, and marketing practices to the local customs and traditions. The global appeal of sports has presented a unique opportunity to those corporations operating in foreign markets. Sport sponsor partnerships enable corporations to use sport properties as promotional vehicles in their attempts to successfully penetrate foreign markets. The 2008 Olympic Games in China, for example, were viewed by many international companies as the golden opportunity to promote, through sponsorship partnerships, their products in an emerging marketplace. The same purpose was served by the \$400 million sponsorship of the national soccer team of Brazil by NIKE. The company accomplished a number of goals by signing a 10-year sponsorship agreement: (a) it established NIKE as a reputable manufacturer of soccer equipment, a reputation the company's rivals, ADIDAS and PUMA, have enjoyed for years; (b) it allowed the company to penetrate (through joint promotions, grass roots tournaments, charity events) not only the Latin American market, but also the global market due to the international appeal of the sport property-partner; and (c) it enhanced the company's brand image through the association with one of the most beloved and successful teams in this very popular international sport.
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Setting Sponsorship Objectives

When clear objectives for involvement in sponsorship have been articulated, potential sponsors are better able to assess the value of their direct financial participation in a sponsored event. The selection of a sponsored activity requires that sponsoring companies first decide which objectives they desire to achieve through the partnership. Sponsors then choose the activity that is most likely to enable them to achieve their predetermined objectives. Setting clear objectives beforehand enables sponsoring companies and sport properties to evaluate all related activities and actions more easily and more effectively (Farrelly, Quester, & Mavondo, 2003).

It is obvious that one of the key objectives for any sponsoring company is to increase its ability to reach, influence, and involve existing and/or potential customers in something that excites them and attracts them to the company's brands (or services) and thereby establish a competitive advantage. Another key objective is to provide the sponsor with a desired return on their investment. This return on investment (ROI) may be expressed in monetary terms (e.g., increase of quarterly sales and revenues) or in a variety of other ways (e.g., quantity and quality of broadcast coverage). Sponsoring companies need to attach great importance to objective quantification in order to be able (during the postevent evaluation) to assess ROI. Sponsors may need the sport property's assistance in undertaking that task. Each objective should be as clear and as specific as possible. Generalizations and/or ambiguities will almost guarantee that the primary results of a sponsorship will be unquantifiable (Kolah, 2003). Even if the event or property performed well in terms of attendance, etc., it may be

impossible to prove that the sport property has delivered on the objectives of most interest to the sponsor.

As an example, consider an international company like SAMSUNG that manufactures electronics. If one of its sponsorship objectives is to increase sales for the brand, then that objective needs quantification. The company needs to determine the expected or desired impact of sponsorship using the following measures:

- (a) Type of sales/markets affected (new customer, repeat, extended);
- (b) Distribution channels enhanced (retail, web, catalogue);
- (c) Time frame (duration of the sponsorship);
- (d) Benchmarks (successes of comparable activities); and
- (e) Other critical success factors.

Determining the corporate objectives to be accomplished through sponsorship is a challenging, time-consuming, and strenuous situation. Every corporation, based on its size, resources, and appeal to regional, state, national, or global markets, has different marketing issues to address through sponsorship. Researchers agree that there is an integrated and complex set of objectives that potential sponsors consider when deciding if and how much sponsorship to extend.

Ukman (2003) divided sponsorship objectives into three major categories: (a) image objectives, (b) sales objectives, and (c) media/promotional objectives.

By meeting *image objectives*, sponsors expect to:

- increase awareness of their brand;
- showcase their social responsibility;
- change or enhance their corporate image;

- build relations with external communities and public policy makers;
- build relations with employees, their unions and other stakeholders;
- increase the relevance of their brand to specific markets; and
- increase brand loyalty.

Through meeting *sales objectives*, sponsors expect to:

- stimulate retail and distribution channels;
- expand their customer database and generate new leads;
- find new/incremental business opportunities from major clients;
- display products or services;
- build business with co-sponsors;
- stimulate their sales force; and
- increase sales to end customers.

Finally, companies set *media/promotional objectives* in order to garner promotions in new distribution channels, and to reduce marketing costs (Ukman, 2003).

Tripodi (2001) further suggested that sponsorship objectives can be grouped into two major categories: (a) corporation-related, and (b) product/brand-related. *Corporation-related* objectives refer to increasing public awareness of the corporation and its products/services, enhancing company image, altering public's perceptions, fostering community involvement, building business/trade relations and goodwill, and enhancing staff/employees' relations and motivation. *Product/Brand-related* objectives serve the purposes of increasing target market awareness, building brand image within the target market (positioning), increasing sales and market share, and blocking/preventing competition from being successful within that target market

(Cornwell, Roy, & Steinar, 2001). These objectives might be used for positioning or re-positioning products and/or services for a targeted market (Tripodi, 2001).

Sponsorship research identifies the following list of corporate objectives that most influence management's decisions to enter into a sponsorship relationship with a sport property (Clark, Cornwell, & Pruitt, 2002):

- a. To increase public awareness of the product (brand), the company, or both;
- b. To change or enhance product (brand) and/or company image and reputation by fostering favorable associations with the sporting event;
- c. To improve the company's community relations (demonstrating good corporate citizenship);
- d. To identify the company with the targeted consumer segments;
- e. To create promotional opportunities for the company's products and/or services;
- f. To stimulate sales of products and/or services;
- g. To enhance employee motivation, involvement, and loyalty, and to facilitate staff recruitment;
- h. To generate media exposure through publicity;
- i. To create opportunities for hospitality and entertainment for the company's business partners, clients, and workforce, thereby influencing key contacts;
- j. To develop business-to-business relationships (networking, cross-promotions) with other sponsoring companies that support the same sport property;
- k. To create and sustain a competitive advantage through exclusive association with a sport property;

- l. To demonstrate unique product features, advantages, and innovations;
- m. To develop a database of prospective customers and leads for the company's sales executives; and
- n. To build a new customer base.

Sponsorship: The Corporate Perspective

When corporations consider sponsorship activities, they look for sport properties that can make a significant, valuable, and measurable contribution to current and future brand communications. They believe that:

- (a) the property (team, athlete, facility, or event) should demonstrate a good fit with the brand (or company) image and, ideally, be unique to that brand so that there is no confusion in the minds of the consumers (Meenaghan, 2002; Sports Sponsorship, 2007);
- (b) the geographic reach of the sponsored activity should cover an appropriately matched target market; and
- (c) the timing and duration of the sponsorship (multiyear contract, seasonal event, etc.) should fit in with the company's overall promotional campaign (Simpson, 1999).

Taking the above noted factors into consideration, sponsoring companies normally apply the following process in selecting the right property, event, or organization for their anticipated "win-win partnership" (Martin, 1996):

Phase 1:

- (a) Assess customers' perceptions and attitudes (through survey instruments, informal interviewing, or

focus groups).

- (b) Management team agrees on the desired image of the brand and/or company that is to be promoted through the sponsorship partnership.

Phase 2:

- (a) Identify all potential sponsorship partners.
- (b) 'Short list' the sport property/events that have an image that most nearly fits the desired image of the company/brand.

Phase 3:

Meet with the most promising partnership candidate(s) and closely examine:

- (a) Communication objectives
 - What does the company want to accomplish through that sponsorship agreement?
 - What communication outcomes (brand awareness, brand image enhancement, hospitality opportunities, etc.) does the company seek?
 - Does the existing image of the sport property best fit the desired image of the brand/company? (Jobber, 2001)
- (b) The targeted consumers
 - What target group of consumers is the company trying to reach?
 - Where are these customers located?
 - Does the audience/fan base for the sponsored event match the company's customer base?
- (c) The inherent risks associated with the sponsorship partnership
 - What are the associated risks for either the sport property or the sponsoring company?

- Are there any image-related risks associated with the termination of the sponsorship agreement?
- (d) Promotional opportunities
- What are the promotional opportunities for the company's products and/or services?
 - What are the promotional opportunities for the sport property/event?
- (e) The sport property's past record in sponsorship success
- What does the property's record with past sponsors look like? If sponsoring companies had withdrawn in the past, what were the reasons behind that development?
 - What were the results of previous sponsorship partnerships with that property? Did the sponsors meet their desired objectives?
- (f) The overall cost of this partnership
- Does the cost of entering into and participating in the sponsorship agreement justify the expected return on investment (ROI)?

Phase 4:

Undertake a formal sponsorship agreement. Be sure to include a statement of purpose, objectives, terms and conditions, and a description of the process by which the partnership will be evaluated.

Sponsorship Acquisition: The Sport Organization's Perspective

Before looking for a sponsorship deal, the sport property needs to evaluate what it has to offer to prospective sponsorship partners. It must be realistic in determin-

ing what it can deliver and what market it can reach.

The sport organization will need to know how many events will be held, how many people will be involved as participants and spectators, and how extensively participation is shared through broadcast media. Not only is it important to know how many people can be reached by the corporate sponsor through the sport organization, but relevant details about those people must also be understood. Age, gender, family stage, income, and education are just a few of the demographic characteristics that might be of interest to a potential sponsor.

In addition to knowing what markets can be offered to the sponsor, an inventory of all marketable assets, such as signage, media opportunities, naming rights, hospitality events, promotions, etc., should be compiled.

The sport organization must then find potential sponsors. Begin by looking at existing sponsorship activity in order to get a sense of what types of corporations are involved in sponsorship. Note the type of organization, not just the specific company. Sometimes a company will extend its sponsorship activity, and sometimes a currently involved sponsor's competitor will be eager to get involved in sport sponsorship. Never offer sponsorship opportunities for the same event to competing corporations!

All of the information that the sport organization collects in determining its sponsorship offering and potential sponsors is used in developing the sponsorship package. The sponsorship package is a top-quality presentation that outlines the sport organization's offer of benefits to sponsors, and a set of proposed partnership actions. Sponsorship packages "may be tiered to reflect levels of expenditure that would just 'make it happen,' to more

sophisticated versions that reach more people with extensive publicity” (Sports Sponsorship, 2007).

Selling the Sponsorship Opportunity

When it is time for the provider of a sponsorship opportunity and the potential sponsor to get together and make a deal, the matter of ‘selling’ the sponsorship should be relatively simple. After all, the advance work and preparation should have served to bring together partners with reciprocal interests and mutually beneficial resources, and the sponsorship agreement is just the expression of details of how those interests will be satisfied.

Not all potential sponsors, however, readily see the benefits being offered to them through sponsorship opportunities. The sponsorship sales strategy that a sport organization develops must account for this, and the individual who presents the proposal to enter into a sponsorship agreement will have to be very well prepared. Proper preparation includes thinking of ways in which the sponsorship partnership would be integrated in the marketing campaigns of the targeted companies, as well as reading annual reports, company newsletters, trade organizations, media reports, etc. in order to more fully understand the target corporation’s objectives, activities, priorities, and circumstances. Preparation also includes deciding what products may be sponsored (collectively or exclusively), finding out who to contact, and estimating the level of sales to be realized.

After the sport property has decided the sales strategy it will follow in order to successfully attract sponsors, it is time to initiate the sales process. Typically, the sport property will begin by approach-

ing major companies first in order to sell its best (and most expensive) inventory (naming rights, exclusivity packages, event TV rights, etc.). In addition to securing large sponsorship contracts early in the sales process, selling to major sponsors first has the advantage of momentum and example. That is, the property can take advantage of name recognition of major corporate sponsors and more easily convince smaller companies of the good business practice of being part of its sponsorship program.

The sales process usually involves the following:

- Soliciting interest in a face-to-face meeting with prospective sponsors using a proposal brief (a one-page document that contains basic information about the sponsorship opportunities with the sport property).
- After the prospective sponsor expresses an interest, scheduling a meeting with management executives who have decision power over sponsorship partnerships. At this first meeting, it is imperative for the seller of sponsorship opportunities to spend most of the time listening to what the prospective sponsor has to say.
- Preparing for the meeting by learning about the prospective sponsor. Answers to the following questions should be known:
 - (a) Where does the sponsoring company spend its marketing budget at that point in time?
 - (b) Does the company have sponsorship partnerships with other sport properties?
 - (c) What does the sponsoring company think about these relationships? Have they been satisfied with the

- outcomes/met their sponsorship objectives?
- After the initial meeting is over, assessing the situation and examining if the property can realistically deliver what the sponsor wants. If the assessment is positive, a follow-up meeting is scheduled (usually within the next 7-10 days following the first meeting).
- Returning to the second meeting with a detailed sponsorship proposal; this is a multipage document that includes the offer letter with all supporting information. Sponsoring companies use this document to facilitate their internal decision-making process.
- Allowing the prospective sponsors to intervene and modify the “draft” proposal in order to meet their organizational needs.
- Negotiating the final terms of the agreement and closing the deal.

The Sponsorship Proposal Document

A sponsorship proposal may address various issues depending on the needs of the sponsorship company and the complexity of the agreement (multiyear contract, parties involved, etc.). The following elements are usually included in a sponsorship proposal document:

- Property facts (i.e., history of the organization, organizational chart, contact info, etc.)
- Event(s) schedule
- Photographic displays
- Audience demographics, purchase behavior, and loyalty studies
- List of existing sponsors
- Sponsor case histories and clients’ testimonials
- Naming rights and/or exclusivity categories
- Sponsorship packages
- Post sponsorship evaluation processes
- Summary of rights and benefits for the sponsor
- Sponsorship fee information

The proposal should be written in such a way that it captures the attention of the audience. Use of irrelevant data in order to impress the audience will have a negative effect. Judicious use of attractive graphics is encouraged, and care should be taken to incorporate only the information that is necessary for the sponsor to assess the value of the sponsorship deal. Descriptions of activities and benefits should be precise and related to the interests and uniqueness of the prospective sponsor. The proposal also needs to be so thorough that the prospective sponsor is left with very few or no unanswered questions.

Marketing Benefits of Sponsorship

The main motivation for corporations to sponsor a sport, tourism, or recreation event or facility is to gain access to the vast number of individuals that are exposed to the events being sponsored and, by association, to the corporation or its products. The most common ways of promoting corporations through sponsorships include the following:

- Stadium signage (score boards, advertisement boards, etc.)
- Branding opportunities (logo placement, promotional giveaways, uniforms, etc.)

- Corporate hospitality opportunities (luxury suites, premium-level season tickets, ticket discounts, etc.)
- Naming rights
- Advertising (and virtual advertising)
- Publicity opportunities (radio, television, print media)
- Promotional events and contests
- Cross promotions
- Direct marketing, personal selling, and retail promotions

All these methods are used by most properties to maximize the marketing benefits of sponsorship. Three of the above noted methods are deserving of further discussion.

Cross Promotions

Promotion is the critical mechanism for positioning a product or service in the minds and the hearts of the consumers. Cross promotions is where two or more sponsoring companies develop a business relationship with the sole purpose of creating a joint-promotion themed around the sponsored property. This mutually beneficial solution allows sponsors to exchange their resources, so that they both efficiently advance their business objectives (Kolah, 2003).

Virtual Advertising

In virtual advertising, virtual images can be projected and broadcast on top of existing inventory (ads, posters, and signs) or digitally inserted into previously untouchable areas, such as the playing field. This type of advertising allows a sport property to carve up its international TV footprints and sell multiple narrowcast advertising packages worldwide. It also allows a sport property to remove all in-stadium advertising and provide its TV partners with “advertisement-free” stadiums and arenas. In this

instance, virtual advertisements can be superimposed onto blank advertising boards, allowing for animated messages and, more importantly, the same space to be sold many times over. Virtual advertising technology allows a sport property and its TV broadcast partners to define advertising on the same board according to the needs of advertising companies across different regions in the country. Virtual advertisement digital boards are actually less costly than rotating boards, and are much more versatile (ibid).

Hospitality

Hospitality benefits provide sponsors with unique opportunities to get to know clients in a relatively informal atmosphere and develop a relationship that may otherwise have taken a significant amount of time and resources to nurture. The opportunity to impress clients while they are attending a sporting event (especially when the event has a wide appeal, like the Super Bowl or the Olympic Games) can be substantially increased. Hospitality deals also allow a large number of people (clients and sponsors’ employees) to be invited to an event for which tickets may be scarce and interest high. The appeal of hospitality benefits is significant for both the property (low cost of offering) and the sponsor (high return on investment through nurturing business relationships or improving management-employee relations).

Evaluation

The effectiveness and value of a sponsorship partnership should be regularly evaluated. Evaluations should generate formal reports that are studied by the sponsoring company and the sport property. Evaluation reports can be highly

effective not only in securing the sponsor for the following year, but also can be used as a marketing tool in recruiting new sponsors. In times when sponsoring companies are forced to look closer at the cost effectiveness of their investments, it is imperative that sport properties are fully engaged in post event evaluation activities (D'Astous. & Bitz, 1995).

A meaningful sponsorship evaluation begins with the decision about what is to be measured and against what criteria those measurements will be assessed. Jiffer and Ross (1999) suggest the following as essential elements in an event sponsorship evaluation:

1. Exposure—How well was the sponsors' brand positioned in the mind of the consumer?
2. Attention—What level of customer attention was given to the company's products and/or services?
3. Knowledge/Awareness—What is the level of customers' basic or extensive knowledge regarding the company's products and/or services?
4. Attitudes—How well did the sponsorship enhance the sponsor's ability to influence customers' perceptions regarding its products?
6. Behavior—Did the sponsored event stimulate positive changes in the consumers' consumption patterns?

Several methods can be employed in measuring the success of a sponsorship agreement. These include:

Print Press Monitoring: monitoring the press media and collecting any press clippings that refer to the sponsored event and the sponsoring company.

Photographic Record: recording all activity related to sponsors exposure using digital photography and/or even

video clips with participant and spectator comments regarding the event and the affiliated sponsoring company.

Television Exposure: measuring and reporting the amount of broadcast time given to the event, the number and reach of the channels that carry the event, and the estimated number of viewers watching the event.

Telephone Interviews: assessing the awareness level for a sponsor in a very quick and inexpensive way.

Mailed Survey Instruments: using surveys to measure consumers' knowledge and attitudes regarding the sponsor's products.

In-depth Interviews and Focus Groups: qualitative research involving samples of target markets and highly focused discussion about the desired outcomes of the sponsorship arrangement. The discussion is focused on generating new ideas to be used in future sponsorship partnerships through open-ended questions, and circulation of opinions and suggestions from participants.

SPINDEX Method: a method that is used in measuring the exposure time obtained by each of the sponsors in all TV broadcasts and on all broadcasting channels. SPINDEX values are calculated by employing four measures: advertising time obtained throughout the television broadcast; the number of times that an advertisement was shown; the duration of the broadcast; and the number of viewers watching the broadcast. The resulting SPINDEX scores provide the sponsoring company with an accurate idea of the cost per advertising second, the cost per television viewer, and the cost per SPINDEX point (i.e., the cost per 30-second TV spot).

Evaluation reports are a tool to gauge what the sponsorship has actually done

for a sponsor. However, some sport properties have been reluctant to get involved in the post-sponsorship evaluation measurements in fear of losing the sponsor if the research shows that the partnership has not generated the hoped-for benefits. In addition, some sponsoring companies are reluctant to undertake evaluation research because of the monetary cost and time factors involved in this process. Other concerns are the danger of getting conflicting data through the surveys and the challenge of deciding what information is relevant.

The drawbacks to sponsorship evaluation are outweighed by its positive aspects. The formal report of the evaluation is “hard copy” evidence that the sponsorship agreement between the two parties either did or did not meet the original objectives. It serves as evidence of the property’s commitment to the sponsorship partnership, and it shows the sponsoring company that the property cares how the relationship is affecting the company’s bottom line.

Summary

Sponsorship in sport, tourism, and leisure service organizations is an effective way to generate revenues and create synergistic relationships within the community. Sport sponsorship, in particular, has made millions of dollars available for sport properties and provided corporations with additional marketing opportunities. The objectives of both the sponsor and the sport property should be clearly articulated before entering into a formal sponsorship agreement. Those objectives should also be understood early in the process of identifying and securing potential sponsors and sponsorship situations. That process involves many steps.

Sponsorship can manifest itself in many ways, but it always includes providing the sponsor with unique opportunities to promote its corporate image or product line. How well the company or its products are promoted is the main question to be answered in the formal sponsorship evaluation process.

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