

CHAPTER 27

Sponsorship



Learning outcomes

By the end of this chapter you should be able to:

- define what sponsorship means
- recognise different types of sponsorship activity
- understand the perspectives of those responsible for sponsoring decisions
- critically evaluate sponsorship as an effective communication tool.

Structure

- Sponsorship: the context
- Defining sponsorship
- Management of sponsorship
- Features and characteristics of sponsorship
- ‘Emotional marketing’ and the emerging sponsorship age

Introduction

Major sporting competitions, expeditions to the North Pole and art gallery openings are all examples of events and activities that receive high-profile sponsorship (support) from companies around the world. Often the sponsor becomes so closely associated with the event it becomes known by that brand or name. Simply expressed, sponsorship is an exchange relationship whereby an organisation (company) helps to fund an event financially or in kind (MTV annual music awards) or support an initiative (yachtswoman Ellen MacArthur supported by UK hardware/do-it-yourself store B&Q for her round-the-world yacht race) in return for a variety of returns such as publicity.

Sponsorship ranges from the funding of large to small initiatives (Sunday league sports teams to major international arts and sporting events). What is crucial for public relations is recognising and answering the following questions:

- Why are we going to sponsor?
- What are our (corporate) motivations?
- How do they fit with corporate objectives?
- What are the opportunities and what are the threats to working with the sponsee?
- How will we measure our investment and its return?
- How will we decide if we are to do it again?

There are a variety of reasons why an organisation may get involved with sponsoring and this chapter will explore many of these possibilities. Figure 27.1 (overleaf) identifies six grouped reasons for an organisation to get involved in sponsorship and also identifies

where some of the discussions on these topics lie outside this chapter. These reasons are:

- 1 To support products and services (MTV awards as a sponsorship of an annual music awards that directly supports the promotion of the music television channel).
- 2 To build on media interest (some events make news on their own, such as individual challenges like Ellen MacArthur's world record for solo sailing round the world. Her boat was sponsored by do-it-yourself retailer B&Q).
- 3 To reinforce the corporate identity – the brand. Sometimes it is useful to reaffirm the brand identity by sponsoring something that has positive associations for customers and other stakeholders (the *Shell Guide*, see Case study 27.1).
- 4 To build goodwill (see Krombacher Rainforest Project, Mini case study 27.2).
- 5 As part of an integrated campaign (to raise awareness in specific stakeholder groups ranging from customers/end users to suppliers as well as investors, see Adidas Japan/Korea World Cup, Mini case study 27.4).
- 6 In place of advertising (tobacco – Marlboro cigarettes; contraceptives – Durex: both sponsor Formula 1).

In this chapter we will discuss sponsorship in its broadest sense but with a focus on the commercial application of the practice. Discussions continue into the role of organisations in their communities and their impact on society in Chapters 6 and 18 where sponsorship of – and investment in – more community-based initiatives is further explored.

Sponsorship: the context

The *Shell Guide* (Case study 27.1) shows how companies must constantly explore new communication channels to transmit their messages effectively. Today we are exposed to an average 3000 marketing messages per day. In the light of this fact, Henry Ford's (1917–1987) assumption that half of all advertising spend is wasted is possibly an understatement. Among all this promotion 'smog', sponsorship is not only a cheap alternative to classic advertising but also

a very effective way of creating public dialogue. This is due to its '*image transfer potential*' – the ability of consumers to transfer positive feelings experienced at a sports or arts event, for example, to the brand which sponsored that event. As a complementary or supportive component of an integrated communication mix, sponsorships offer the chance of a 'calm' brand presence in the market. Premier national and international sport events come to mind, with football, Formula 1 or the Olympic Games at the forefront. But many companies choose more unorthodox sponsoring opportunities. The Spanish private health

case study 27.1

Shell Guide

The first *Shell Guide* to the English countryside, aimed at weekend motorists, was published in June 1934 and offers an excellent example of how sponsorship can work.

Legend has it that the editor John Betjeman (later Poet Laureate) worked next door to the publicity manager of Shell-Mex Ltd., Jack Beddington, and shared a love for the English countryside. They produced a trial guide, for a mere £20, and presented it to Shell, which then agreed to financially support the project.

The idea of a comprehensive country guide series exclusively associated with the corporate name and

logo proved to be a success story for the oil company. The guidebooks were not only to become a distinct compendium of the English countryside, they also were hugely successful with its audiences and thus prestigious communication for its sponsor. The financial liaison continued until the mid-1980s and the guides still create goodwill among nostalgic readers and collectors. Today the Shell brand name is an integral part of all major motor sport events. With the help of the sponsorship of social, ecological, scientific, and cultural events, the motor oil company continues to develop its image as a good corporate citizen.

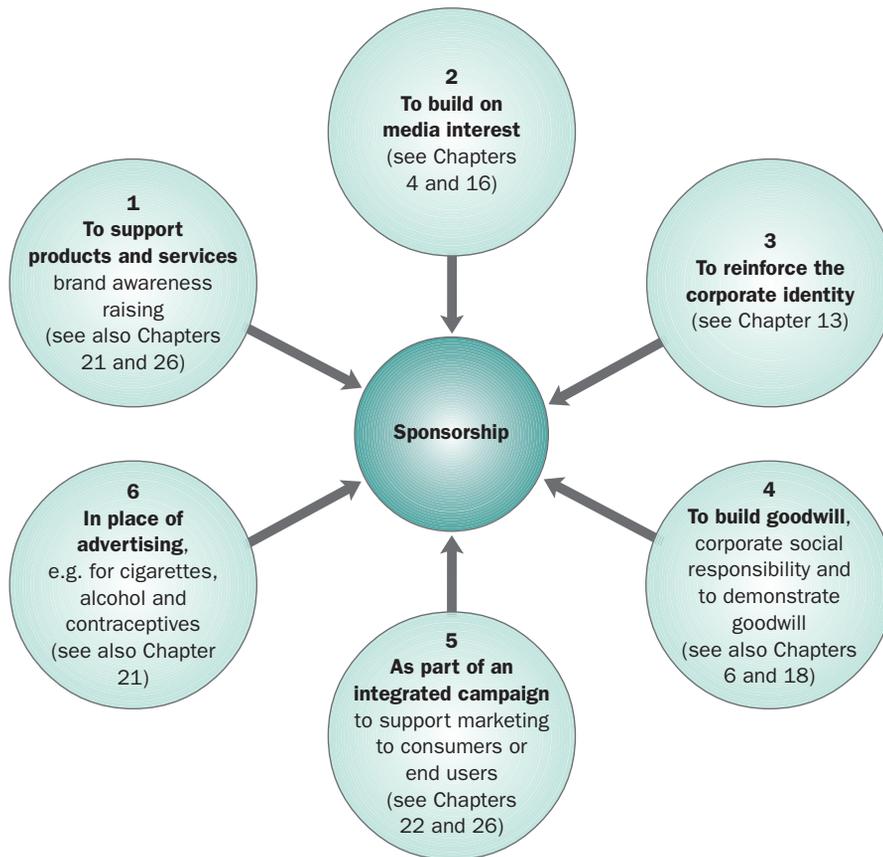


FIGURE 27.1 Reasons for sponsoring (with links to discussions in other chapters in the book)

company Sanitas sponsored David Beckham's medical check-up for Real Madrid. For the sum of £250,000, the company received four hours of internationally televised brand communication. During its restoration, the Brandenburger Tor in Berlin was covered in magenta coloured tarpaulins marked with the 'T' logotype, unmistakably the sponsoring sign of Deutsche Telekom, the largest German telecommunication provider. However, when the company moved on to using this as a permanent medium for advertising its new broadband service T-DSL (with the mascot of the cartoon character the Pink Panther as a Christmas endorser), the Berlin senate intervened, drawing a line between product advertising and sponsoring a cultural event.

Definition: *Image transfer potential* is the ability of consumers to transfer positive feelings experienced at a sports or arts event, for example, to the brand which sponsored that event. As an example, think about Ellen MacArthur who in 2005 became the fastest person to sail single-handed round the world and the positive associations with the boat sponsor, B&Q.

Despite the possibility of conflicts of interest, scientific settings are increasingly used as communication channels, such as the financial support of universities (e.g. 'L'Oréal chair of Marketing' at the University of Oxford) or whole research centres (e.g. 'Institute for the Future of Labour' of German Post World Net). Ultimately, however, it is the brand communication that is the starting point of sponsoring activities – the more prestigious the institution the better.

The world we live in today is a world of marketing messages, as brands compete to convince us that this product is the best ever or that we can gain access to a specific lifestyle via product purchase. The age of brand building does have its drawbacks. The more marketing departments follow the herd of brand bravado, the more interchangeable products get, making a clear-cut differentiation from competitors increasingly difficult. In this sense, targeting and product communication is not enough to give the consumers what they want: emotional experiences and identification with the brand.

Sponsoring takes these needs into account and companies do recognise its growing importance. As

**box
27.1**
Types of sponsorship

- The arts (film festivals, orchestras, galleries and exhibitions such as the Tate in London).
- Books (the *Shell Guide*, Case study 27.1; the AA (Automobile Association) – travel and campsite guides across Europe).
- Exhibitions/conferences (in the UK, one of the best established exhibition sponsorships is the national newspaper, the *Daily Mail's*, support for the Ideal Home Show).
- Expeditions (Ellen MacArthur's round the world sailing challenge or Everest mountain-climbing teams).
- Awards (Man Booker prize for literature; MTV music awards).
- Community events (local initiatives such as fêtes or fiestas, e.g. May Day celebrations in European towns and villages supported by local businesses such as banks).
- Education (for example, book series, individual academic posts, chairs, or full faculties such as the Saïd Business School at Oxford University).
- Sport (football tournaments and teams such as Real Madrid in Spain having shirts sponsored by Siemens; big sporting events such as the Olympics with multiple sponsorship opportunities).

part of the communication mix, sponsoring has become a vital brand-building component, which is also reflected in corporate spending. In 2003, worldwide sponsoring expenditures alone reached an estimated £22 billion. This figure represents sponsorship agreements only and does not include the translation into cross-marketing programmes. Experts believe in a ratio of 1:3 of sponsorship and related communication expenditures.

Over the last decades, this communication segment has shown tremendous growth as can be exemplified with the FIFA World Cup football championships. The nine exclusive sponsors for the 1982 tournament held in Spain together contributed an estimated £13 million. In 2002 the Japanese and Korean organisation committee asked for more than double this sum from one sponsor alone (Maidment 2002; Sumii 2002; 2003). For the 2006 World Cup football championship to be held in Germany, first-tier sponsorship expenditures will again be increasing.

Understanding sponsorship can be critical to the success of brand building. Understanding sponsorship processes is crucial to understanding the changes in the communication environment. Most people exposed to daily commercial messages have at least vague ideas about what sponsoring is, in what form it can appear or what factors affect it. However, sponsorship as it appears today is a relatively new phenomenon. Many companies do not make full use of its communication potential. Despite its importance, sponsorship remains in many cases an undervalued tool for building relationships with customers. (See Box 27.1.)

Defining sponsorship

If you were asked to explain what sponsorship is, you would probably say that it refers to any form of financial or in-kind support for a specific person, event or institution with or without a service in return. You may also describe the term using your own experience of observing a major sport event as a case study. (See Think about 27.1.)

Maecenatism

A historical perspective helps to shed light on the origins of the concept of sponsorship. Corporate contributions to culture, sport or social events have a long tradition, which can be traced back to Gaius C. Maecenas (70BC–8BC). As a material supporter of contemporary poets such as Horace and Virgil, his name is remembered as a generous patron of fine arts. Despite the noble image still associated with his name, the Roman diplomat and counsellor to Octavian (later emperor Augustus) exercised patronage as a political means–end strategy. That is, Maecenas used the communication channel of his times publicly to praise the reign of his friend Octavian.

Nevertheless, 'Maecenatism' today stands for the altruistically motivated support of culture and communities, where the support idea and not the association with a specific patron/organisation is to the fore. In other words, where the receiver not the donor is the main purpose or focus.

think about 27.1 Sponsorship of events you know

Think about the main sponsor of your favourite sports idol or team and the way this sponsorship is promoted. You recognise sponsorship when you see it, don't you? On second thoughts, however, you may have come across its broader colloquial use: students might refer to their parental financial help as 'sponsoring'; interest groups donate money for political campaigns (in Germany, for example, political parties must disclose any donation of more than €10,000); and trusts support social projects.

Feedback Although these are all examples of sponsorship, they do not adequately reflect its full scope, nor do they distinguish between related concepts such as Maecenatism, charitable donations or corporate philanthropy. These ideas are now explored.

Charitable donations

Closely connected to the concept of Maecenatism is the act of charitable donations. As an expression of charity it is again the altruistic (concern for other people) motive that dominates the support process. Social considerations play an important role and in its original meaning no immediate advantages such as image promotion or the representation of the donor as a 'good' citizen are being sought. Another significant aspect of charitable donations is that control is not assumed over the beneficiary or over the use of the funds. Despite this blueprint, charitable donations do present the opportunity for raising an organisation's public profile. Think, for example, about coats of arms in churches, the naming of donors in TV charity shows or the financial support of political parties. (See Think about 27.2 and Activity 27.1.)

Corporate philanthropy

The dual purpose of corporate social responsibility (see Chapters 6 and 18) and market orientation is reflected in the term *corporate philanthropy*. More than the no-profit, no-win paradigm of charity donations, corporate philanthropy embraces more directly the idea of

activity 27.1

Interact and reflect

The Toyota Foundation (*Toyota Zaidan*) is an independent trust that is involved in a wide range of activities. Go to the Toyota homepage (www.toyota.co.jp) and find out how the foundation is embedded in the corporate web presence. What key words are used? Next to the societal and regional scope of philanthropic activities, also analyse how these programmes are integrated into an overall target and how this is publicly communicated.

competitive advantages (see Porter and Kramer 2002). By linking corporate giving to business-related objectives, focused charitable investments can be more strategic than unplanned, one-off donations. It allows donations to become part of a proactive communication approach aimed at commercial capitalisation. Contrary to the concepts described earlier, the spender sees to it that philanthropic activities are closely connected to the corporation (or its objectives). In return for the financial or in-kind support the corporation may publicise its efforts. Major Japanese corporations are well known to make good use of social events to demonstrate corporate philosophy and management mission via corporate giving. Particularly at the height of economic success,

think about 27.2 Giving donations

The next time you come across a charity appeal, ask yourself what motivates you to make – or refuse – a donation.

Feedback In the corporate world, the art of giving is not only benevolent in nature. In many cases, more tangible reasons, such as taxation laws, may drive corporate donations. Regardless of the intentions, charitable donations can be seen as a development of Maecenatism and in general describe a uni-directional, or one-way, relationship. Commercial advantages or expectations such as corporate visibility or goodwill here play a minor role.

mini case study 27.1

Toyota, corporate philanthropy in action

The philanthropy mix of automobile manufacturer Toyota is based on financial support for five key areas:

- 1 education
- 2 environment
- 3 culture and the arts
- 4 international exchange
- 5 local communities.

As part of the 2005 vision, 'harmonious growth', worldwide activities around these subjects are actively used to communicate the image of an internationally respected corporate citizen. The case of Toyota highlights the idea that corporate philanthropy – despite its concern with marketability – is rooted in societal concerns.

corporate giving (and its media exploitation) was very popular among Japanese corporations. Following the convention of imperial enthronement, 1990 was declared *mesena gannen* – or 'year one of Maece-natism' – thus reflecting the popularity of philan-thropy. (See Mini case study 27.1.)

Cause-related marketing (CRM)

In contrast to the concepts previously described, cause-related marketing solely relates to profit objectives. Companies financially contribute to good cause events, movements or organisations in return for exposure and association. The main focus of support is image exploitation and the hope for enhanced corporate reputation. Unlike the concept of corporate philanthropy, cause-related marketing is transaction based and clearly not driven by altruistic motives (discussed further in Chapter 18). Target groups for cause-related marketing include not only present and potential customers, but can also prove effective in reactivating employee motivation as well as attracting future candidates. Building on a reciprocal partnership, the integration of communication and promotion are of vital importance.

In many cases cause-related marketing comes in the form of cross-marketing, as can be seen in the case of

Krombacher, a German beer. In cooperation with the Worldwide Fund for Nature (WWF), the brewery Krombacher developed a support strategy for the rain-forest – on which its communication campaign was subsequently built. For every case of beer sold, one square metre of the African rainforest was to be pro- tected. As consumers could participate in a good cause via product purchase, the 'Krombacher Rainforest Project' was hugely successful. Moreover, heavy pro- motion provided a win-win situation. The brand suc- cessfully reinforced its core values in the highly com- petitive German beer market (IEG 2003a). It is this integration of the good cause with the overall market- ing strategy that is at the centre of the support idea. However, cause-related marketing projects must be played to certain guidelines. If companies are to avoid the negative image of opportunism, then transparency and sincerity need to be emphasised. (See Mini case study 27.2.)

Sponsoring

'Sponsoring' is derived from the Latin word *spondere* or 'promise solemnly', hence its use as formula for prayer (*sponderis*) in a Christian context. The deriva- tive word *sponsor* was used for 'godparent', which is also the original English meaning.

mini case study 27.2

Krombacher Rainforest Project

The 'Krombacher Rainforest Project' was accompanied by a multi-layered promotion campaign. For its commercials, G. Jauch, a prominent German TV presenter, gave the communication extra credibility. Additionally, prime-time news was flanked by a 90-second magazine format ('infomercial'). A print media campaign was

also conducted. The cooperation with *Bild* magazine especially helped to promote the project, covering the latest developments in a weekly editorial. Point-of-sale activities gave the communication strategy a visible, consumer-focused edge.

think about 27.3 Definitions of sponsorship

Which definition of sponsoring do you think is closest to the concept discussed in this chapter?

Feedback The second definition is closest to the concept we are discussing. However, broadcasting is not the only media space that is paid for by a sponsor.

What is a sponsor?

A sponsor is defined by the *Oxford English Dictionary* as a:

- person who vouches or is responsible for a person or object
- person or entity that finances or buys broadcast-media time for promotional reasons
- person who makes a pledge on behalf of another individual
- person who answers for an infant at baptism, making the required professions and promises as to the child’s religious upbringing.

See Think about 27.3.

Analysing the concepts discussed so far, sponsorship-supportive techniques can be broadly distinguished along three dimensions:

- 1 motives of support
- 2 relationship between spender (sponsor) and receiver
- 3 publicity.

Or, in other words, who supports whom with what purpose and with what degree of openness?

Figure 27.2 shows graphically the important elements of sponsorship, at which we will take a more detailed look. The figure compares the scope of sponsorship with related sponsorship-support techniques. From this figure it is clear that, despite their related-

ness, none of the concepts fully explains sponsorship. On the one hand, sponsorship is much more multifaceted; on the other hand, the requirements and the time horizons of sponsorship greatly differ from the other concepts. Furthermore, the strategic intent and its integration into the public relations/communication/marketing mix clearly distinguishes it from other support techniques.

Sponsorship brings with it a more *process-orientated* view that includes planning, implementing and control mechanisms. So definitions that see sponsorship as merely ‘an investment in cash or kind in an activity in return for access to the exploitable commercial potential associated with this activity’ (De Pelsmacker et al. 2004) do not go far enough. Although the study of support in return for services is of interest to public relations practitioners, sponsoring involves quite a bit more. A more concise and realistic definition of sponsoring would be as shown in the following definition box.

Definition: *Sponsorship* is the totality of market-orientated decision processes about the provision of money, services, know-how or in-kind support of corporations or organisations to individuals, groups or institutions from the area of sport, culture, charity, ecology, education or broadcasting, in order to achieve specified corporate communication goals via the commercial and psychological potential associated with this activity.

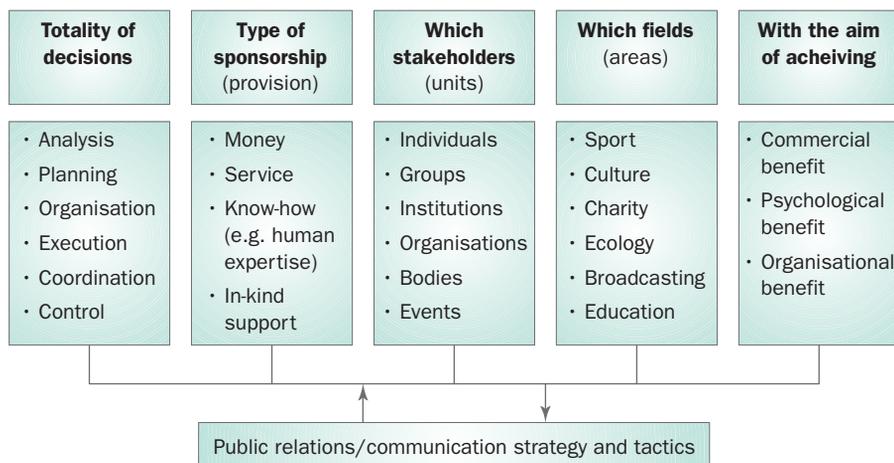


FIGURE 27.2 What is sponsorship?

Note that this definition specifies not only the relationship between donor and receiver, but stresses also the process orientation of sponsorship (for further empirical evidence on the integration of decision processes, see Olson et al. 2002). The definition also emphasises both commercial and psychological benefits of the concept. Furthermore, it reflects its multifaceted nature and establishes sponsorship as an integrated communication instrument (see also Chapter 26).

Management of sponsorship

Sponsorship involves more than the support of an event such as the FIFA World Championship, the PGA (golf) Masters series or the local volleyball club in return for logo exposure. The activities covered in our definition highlight much of the approach, scale and scope of today's sponsorship environment. It also indicates the necessary professionalism that comes with the understanding of sponsorship as part of an integrated communication and relationship strategy. In the spirit of Maecenatism, not long ago 'gut decisions' on who and what to sponsor were commonplace (this was sometimes known as 'the chairman's wife' syndrome, as sponsorship of the opera or society events secured entrance to these activities). Despite its strategic importance and the increased professionalism of sponsorship, many decisions follow management preferences rather than calculated communication objectives. In contrast to 'gut decisions' leading to hit and miss activities, modern sponsorship thinking is planned and decisive.

Opportunity analysis, scenario planning, alternative target generation, strategy selection, budget and time horizon decisions, implementation, integration in marketing mix, communication channel coordination, evaluation and control mechanisms are all examples of a systematic and process-based view of sponsoring (see following definition box to understand these terms). These terms also explain how sponsorship can be systematically integrated into strategic marketing. Here the word *systematic* means that sponsorship should not be a question of trial and error, but should follow a management process with specified communication goals. This implies accountability and controllability, because otherwise any financial or in-kind commitment would be highly risky. As we will see later, the development of evaluation tools is, due to the nature of sponsoring, a major challenge to public relations and corporate communication departments.

Definition: *Alternative target generation* – thinking through alternative target audiences. *Implementation* – the phase where a sponsorship plan becomes a reality and activities are carried out. *Opportunity analysis* – identifying the opportunity to sponsor. *Scenario planning* – playing out different outcomes of a sponsorship, what could happen. *Strategy selection* – selecting a sponsorship strategy.

A corporation that takes sponsoring as a communication tool into consideration faces a range of challenges in planning, implementing and controlling the activities. This is the area of responsibility of sponsorship management. Figure 27.3 shows phases of the planning process of sponsoring.

Strategic phase

Starting with the phase of analysis and prognosis, sponsorship management deals first of all with the collection and evaluation of information. It is this phase where, in coordination with other communication activities, sponsorship scenarios are developed. On the basis of target group identification (who is the audience?), the specification of objectives (what are the short-, medium- and long-term goals?) and the determination of message (what will be communicated?) possible sponsorship activities will be evaluated and pre-selected (see Meenaghan 1998; Bruhn and Homburg 2001). Sponsorship deals are planned and agreed a long way in advance. Ideally corporations are constantly monitoring the sponsorship environment to take advantage of upcoming opportunities. (See Mini case studies 27.3 and 27.4, overleaf.)

Tactical phase

This strategic framework with its longer term timeframe and broad definition of the organisation's sponsoring activities ideally leads to a concrete action plan. The tactical phase of sponsoring reflects a shorter term timeframe (usually a financial year). Here the strategy formulation is translated into operational and day-to-day sponsoring activities. These individual components include decisions on budget and time horizon, the fine-tuning of sponsorship programmes (e.g. selection of specific events), contractual matters and the coordination with other ongoing communication activities. In this context, special attention should be given to this organisational dimension of sponsoring. In other words, Cornwell and Maignan (2001) argue, that sponsorship activities may not, in themselves, be sufficient to achieve specific objectives for all target

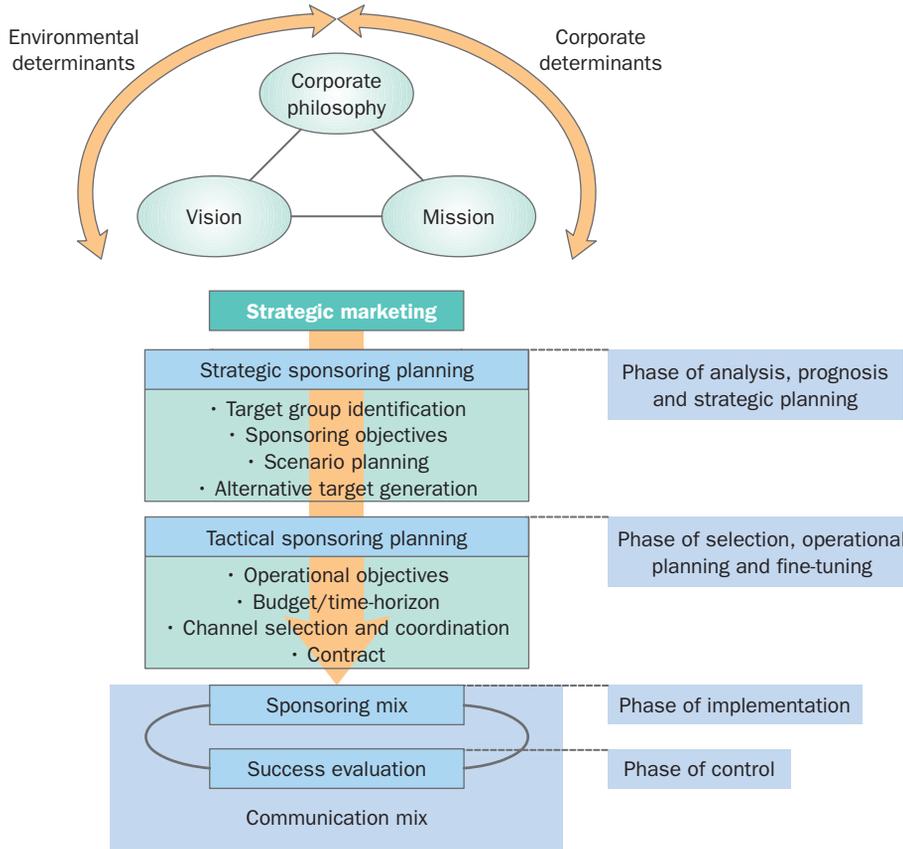


FIGURE 27.3 Sponsoring management as planning process

audiences. This is why it is important that sponsorship activities are reinforced through complementary communication activities. As these cross-marketing operations may include sales promotion, advertising or special product offers (among others) total expenditure may easily exceed the sponsorship budget. It is also important to note that the coordination of communication activities towards a common goal increasingly takes an integrative sponsorship perspective.

Implementation phase

The process-orientated view also highlights the dual nature of sponsorship: not only does the selection of

a strategic programme and its coordination need to be addressed, but also how to put this strategy into practice. It is easy to underestimate the complexity and importance of implementing sponsorship plans. Activities are as good as the weakest link in the sponsoring process and a good plan does not necessarily translate into a successful campaign. Sponsoring is sensitive to trends and sudden changes. Football teams can be relegated, events can be mismanaged, celebrities can be arrested – any of these may lead to negative publicity for the sponsor. Particularly in sport events, the positive image of sponsorship is not very stable. Many fans perceive the financial support of ‘their’ team as a long-term commitment and not as a commercial venture. If a team’s relegation, say in

mini case study 27.3

Swatch

The Swiss watch manufacturer, Swatch, is well known for its public relations events. Starting with the Summer Games 1996 in Atlanta, it has a 10-year history of sponsoring engagement in the Olympic movement.

Find out how Swatch has used its ties with the Olympic committee both in regard to its communication and public relations activities and its marketing mix (www.swatch.com).



PICTURE 27.1 The Olympic Games are held once every four years and are one of the most heavily sponsored sporting events. Future Games such as London 2012 are already gathering sponsorship. (Source: BYB/Rex.)

football, coincides with the end of a sponsorship contract, this perceived 'non-commitment' can easily backfire.

Furthermore, a sponsorship campaign calls for the cooperation between several internal and external

departments. Therefore a manager should be involved in all phases of sponsoring and responsible for the planning as well as the implementation. Since implementation is a key determinant of success, many specialised agencies have evolved. Major corporations such as

mini case study 27.4

Sponsorship in practice – football

Major sport events are also major TV events and as such give sponsors the opportunity of a global media presence. Today, contracts with organising committees guarantee main sponsors the sole presence within their industry. Anheuser Busch, for example, is one of the main sponsors of the FIFA World Cup football championships 2006 in Germany. This implies that no other beer brand can be sold within a one-mile demarcation zone outside the stadium (Deutsche Welle 2004). It goes without saying that this has led to an outcry in Germany. Of course, a communicative tie-up with a major event is very attractive – especially if this comes with no extra expenditure. Many companies actively use a loose connection with an event to boost their image – without being an

official sponsor. A recent example is the football tournament UEFA EURO 2004 in Portugal, where Coca-Cola acted as a main sponsor. This does not prevent competitors using the same theme in their communication. During the event PepsiCo used an ad showing some of the tournament's top stars such as Beckham (England) or Raul (Spain) as endorsers of the product, aiming at image kudos with their target group. This easy-rider mentality has become known as 'ambush sponsoring'. Major brands rely on this guerrilla tactic to raise their own profile while damaging competitors. Do you remember the main sportsgear sponsor of the FIFA World Cup in Japan/Korea in 2002? Was it Adidas or Nike? Find some images from the internet and check.

BMW or Microsoft have their own departments that coordinate all sponsorship activities. (See Mini case study 27.5.)

Evaluation and control

Evaluating the effectiveness of sponsorship is of paramount importance. However, in practice, sponsorship activities are not conducted in a controlled environment, so that measurement becomes an uphill battle.

Constraints include, for example, where many communication tools and channels are used, so in an integrated campaign, it may not be possible to identify the particular contribution of sponsorship to the overall outcomes. Also spillover effects from prior activities, uncontrollable media coverage (the channel is the message) or unspecified target objectives make a clear evaluation next to impossible. This also explains the reluctance of many managers to invest in sponsorship activities despite the opportunities. Attempts to evaluate effectiveness range from contact points (how many

mini case study 27.5

FIA formula 1

The FIA Formula 1 championship is one of the few events with a truly global reach. Whereas football or tennis remain regional events (FIFA World Championships and the Olympic Games as exceptions to this rule), the race circuits offer a cross-cultural audience. Since 1997, the financial service group HSBC has been involved in this event by sponsoring the Jaguar team with an estimated £15 million per year. This investment is, however, under review as the audience

data provided by the sponsoring arm of Formula 1 Management proved inaccurate (*Marketing Week* 2004). This case reveals that – despite the availability of advanced methodology – even multimillion sponsoring investments rely on very simple control mechanisms (contact points). It also indicates that the management of sponsoring needs to anticipate clearly defined goals that go beyond the sole head count of audience reach.



PICTURE 27.2 The FIA Formula 1 championship is one of the few events with a truly global reach. (Source: Crispin Thruston/Rex.)

times did the logo appear on TV?) and cost ratio (cost per relevant consumer?) to opportunity analysis (advertising cost equivalent?) and scorecard approaches (how does sponsorship investment rate on various dimensions) (Ukman 1996; Anderson 2003; Walliser 2003).

Depending on the sponsorship goals, *evaluation methods* rely on the modern marketing research instruments shown in Box 27.2.

The measurement methods in Box 27.2 often come with specific research designs such as two-group *before* and *after* measurements. On the basis of a test group, which is exposed to the sponsoring activities, and a control group, which is not, comparisons are made. Qualitative research (focus groups, etc.) round up these measurement efforts.

For a better control of sponsorship effects, *tracking studies* are increasingly deployed, in which data are collected at time intervals (multiple time-series design). Even though advanced research methods are used, it must be noted that there is no conclusive evidence of a relationship of common diagnostic measurements (e.g. image) and commercial results. Nevertheless, from a management point of view, it is the return on investment (ROI) that justifies a sponsorship engagement. So ultimately market share and sales increase (or maintaining market share and sales) will decide further activities. However, we must keep in mind that sponsorship activities only develop their full strategic potential as follows:

- through clearly defined goals
- over a longer time period
- within a communication bundle.

Managers must clearly define what they expect from their sponsoring investment, including a breakdown into specific sub-goals. This process approach guarantees permanent monitoring of sponsorship activities. As an integrative tool a sponsorship audit must at the same time reflect the interrelatedness – and dynamics – of the overall communication strategy.

box 27.2

Marketing research instruments to measure sponsorship

- (Un)aided recall and image studies
- Measurement of loyalty
- Attitude changes
- Purchase intent

Features and characteristics of sponsorship

Despite its increasing professionalism and strategic orientation, sponsorship remains multifaceted. It reaches from high-profile media presence to the support of a local youth football club. Sponsorship can reflect diverse arenas such as sport, education or arts and has diverging communication goals such as contact with audience (psychological benefit) or a specified market share increase (commercial benefit). Depending on the scope and importance of investment, decision making takes place at various management levels. The type of beneficiary (individual, group, event, etc.) also greatly influences the rules of sponsoring. Even though the sponsoring process is a function of all these variables, with sometimes diverging intentions, common features can be summarised as in Box 27.3.

Passion marketing

Sponsorship is widely regarded as a cheap alternative to advertising. This often goes hand in hand with the common misconception that sponsorship activity is merely logo exposure. If sponsorship involved no more than brand presence, it would very likely be useless as a communication tool. After all, multimillion investments, such as Gatorade's £260 million sponsoring venture in the American NFL league (Fenton 2004), have to be commercially justified. This raises the question about the capabilities and efficiency of sponsorship. Today's *experiential economies* (Pine and Gilmore 1998) call for passionate brand communication – and this is exactly the added value sponsorship can provide. Depending on the perceived relevance to the audience, sponsorship can convey memorable emotions and experiences more effectively than any other communication channel. With this power of association, sponsorship has become a communication tool in its own right.

box 27.3

Common sponsoring features

- Passion marketing
- Image transfer potential
- Integrative communication
- Stakeholder approach
- Performance and obligation

mini case study 27.6

Adidas and the football World Cup

Sponsoring is one of the communication cornerstones of Adidas. For instance, during the FIFA World Cup 2002 in Japan/Korea, the German sportsgear manufacturer was one of the main sponsors. The company understood the importance of the integration into an overall communication mix and therefore Adidas complementary events were organised to take advantage of the football enthusiasm of the Japanese. Prior to the Championships a crumpled car seemingly crushed by an oversized football was placed in front of a bill-

board poster of Alessandro Santos, a player on the Japanese team. In metropolitan centres, small football fields were developed on top of skyscraper roofs, where teenagers could play during the championship. In the aftermath of the event, awareness was reinforced by gigantic billboards on which two players were attached via ropes to play football vertically. Needless to say that this outdoor campaign was very successful in catching viewers' attention, despite the message overload of the Japanese advertising landscape.

Definition: *Experiential economies* is a term coined by the authors Pine and Gilmore (1998) and it refers to the progression of economic value through experiences.

Image transfer potential

One of the main purposes of sponsorship is to affect consumers' attitudes towards, and beliefs about, a brand or corporation favourably. As attitudes can be good predictors of (consumer) behaviour and represent an overall evaluation of associations linked to an object, the formation and change of attitudes is of interest to the marketer (see also Chapter 14). What makes sponsorship a unique persuasive tool is its association potential. Sponsorship generally has positive connotations among audiences. It also does not rely on elaborate cognitive information (thought) processing. Its emotional appeal makes it easy for the consumer to understand. The sponsoring venue sets the stage for inducing emotions such as joy, hope, excitement, fear, anger, etc. Marketing messages are presented in this context in the hope that consumers will experience these emotions. Research evidence suggests that it is not only the situational experience that influences behaviour, but also the overall attitude towards an event (Cooper 2003). A positive evaluation of something (event, person, team, etc.) will create positive feelings, which may then be transferred to the brand. This means that it is important to monitor opportunities carefully to ensure a good match between the sponsor-

ship and the attitudes of the target audience. (See Mini case study 27.6.)

Integrative communication

Sponsorship itself is resistant to corporate control. The usual rules of advertising communication cannot be applied. Content, tone and message can only be influenced to a certain extent. Unlike classic advertising communication, sponsorship activities convey only indirect messages. Sponsorship also has distinct features regarding media planning. Whereas advertising is placed to maximise its reach and impact, sponsorship presence is limited to a condensed strategic window. This has two main implications:

- 1 On the one hand, corporations are looking into the possibilities of developing intensive (often long-term) collaborations to develop consumer perceptions, especially with regard to major sport events. For example, the Japanese manufacturer Canon has been the official partner of the FIFA World Cup since 1978. The Korean automobile giant Hyundai is sponsoring 10 FIFA events between 2003 and 2006 (FIFA 2002; Bae 2003).
- 2 On the other hand, the indirect and passive character of sponsorship communication also demands complementary marketing activities. Here the communication mix helps to use, reinforce and fine-tune sponsorship messages. (See Think about 27.4.)

think about 27.4 Media planning

Despite their importance, media planning agencies act behind the scenes. Whereas the advertising agencies are in the public eye, media planning from companies such as Starcom Media Vest (Interpublic Group), Carat SPI (Aigis Plc) or Mediacom (Grey Global Group), increasingly sit at the centre of communication groups.

Stakeholder approach

Beyond the function of communication with potential customers, sponsorship also aims to create additional transfer potential with other stakeholders (see also Chapter 12). At the organisational level, employee motivation and identification can be supported by sponsorship activities. Research also suggests that there is a correlation between image and employment attractiveness, so that personnel marketing/recruiting might also benefit from these activities. Establishing goodwill with external groups, such as financial institutions, shareholders or investors, is an additional target variable of sponsorship. This is also true for the relationship with distributors, sales personnel and business partners (see also Chapter 22). In some cases, sponsorship activities may also be used to develop relationships with decision makers in governmental institutions. Such stakeholder relationships are often enhanced through sponsorship activities such as VIP events and corporate hospitality. (See Mini case study 27.7.)

Performance and obligation

Commercial sponsorship is based on the idea of a reciprocal business relationship between the sponsor and the sponsee. This win-win partnership guarantees the sponsor specific contract-based rights, such as the presence of the corporate logo, the co-branding of events (e.g. Barclaycard Premiership football in the UK) and venues (the 'AOL-Arena') or the use of licensed signs (e.g. national sponsor of the Olympics). This usually comes with extended communication rights. The use of the sponsorship in related communication activities or the obligation of advertising appearances are common features of this business relationship. In return, the sponsor is per contract committed to support the sponsee. Types of support include money (either single or regular payments), materials or equipment (e.g. computers), services (administrative tasks, logistics, etc.), know-how (technology) or in some cases human resources. With its strong media presence, sponsorship has become a

activity 27.2

Sponsorship characteristics

Think about the characteristics and features of sponsoring. You should try to find answers to the following questions:

- 1 What are some distinctions between Maecenatism, charity donations and sponsoring?
- 2 What are the specific challenges of sponsorship management for small or medium-sized local businesses (enterprises)?
- 3 What are the advantages and disadvantages of sponsorship activities?
- 4 Why is the sponsorship industry so interesting for media planning agencies?

very effective tool in undermining the legal barriers around some types of advertising. The ban on tobacco advertising in Europe has been bypassed by the industry via sponsorships of Formula 1 racing teams. This has, of course, caused concern to those who wish to restrict tobacco advertising. Sponsorship also helps circumvent regulations such as the ban on TV advertising on Sunday public service broadcasting (e.g. in Germany). Activities like these ensure continued media presence and make sponsorship an attractive alternative to conventional communication, but they are also under constant scrutiny from legislators. (See Activity 27.2.)

'Emotional marketing' and the emerging sponsorship age

The transformation from a production-oriented 'push' economy via a demand-oriented 'pull' economy to a consumer-oriented 'emotional' economy has also had a major impact on public relations and corporate communication. Experience-based values were once an afterthought; now they determine a company's success. The rise of vibrant consumer markets also coincides with market-driven approaches.

mini case study 27.7

Corporate hospitality in action

Corporate hospitality activities give sponsors an informal setting for building relationships with stakeholders. The importance attached to corporate hospitality events can be seen in the case of BMW Motorsport. During the Formula 1 Grand Prix 2004 in Monaco, the German automobile producer invited guests to a spe-

cially chartered deluxe sailing ship from which they could watch the race. The specialist company, Grand Prix Tours, offers hospitality programmes in the context of Formula 1. Full services include celebrity endorsements, theme parties, accommodation and tailored incentives (see www.gptours.com).

As such, sophisticated marketing and communication techniques are cornerstones of today's market environments. More and more companies have jumped on the marketing bandwagon, contributing to an ever-accelerating advertising spiral. This pressure has led to an information overload (and in many cases to a communication stalemate between rivals vying for consumers' attention). The resulting ineffectiveness of traditional advertising media makes companies look for new communication channels. With its below-the-line appeal and positive associations by consumers, sponsorship helps to cut through this clutter of commercial information.

More media channels

Another reason for the growing interest in sponsorship activities is the diversifying media environment. Satellite and cable TV were technological drivers of new communication possibilities and have substantially changed the sponsorship scene. The previously limited media choice (see Chapters 4 and 16) gave way to a broad selection of media, catering for ever-fragmenting interest groups. Today not only mainstream events but also fringe sports and speciality channels are part of the regular TV repertoire. With these developments the rules of sponsorship have also changed. Instead of unspecific and scattered targeting, sponsorship solutions promise to reach even very small, closely targeted groups.

Industry growth

The incentives of experiential values, bypassing information overload and increased targeting precision make sponsorship an attractive alternative to tradi-

tional communication techniques. In fact expenditure on sponsorship has shown robust growth over the last decades: the industry has grown from a modest £4 million in the early 1970s into a £28 billion business today, with Germany, Japan, the UK and the USA being the lead markets. Figure 27.4 illustrates overall growth of sponsorship activities for the UK market. The breakdown into expenditures by sector reveals that sport sponsorship is the largest sector of the market.

Broadcast sponsorship has undergone an interesting development. This was only legalised in the UK in the 1990s and today it occupies second place in sponsorship expenditures. On a side note, evidence suggests that this trend originated from Japan. Anticipating Japanese consumer behaviour – the orientation towards 'megabrands' (Horn 2001) – programme sponsorship is here a vital part of communication management and brand architecture. Hence, broadcast sponsorship has been for a long time a fixed dimension in the second biggest advertising market.

Data from the Japanese media agency Video Research Ltd underline the sponsorship sophistication in this sector. For example in Japan, between eight and nine thousand programmes are sponsored each year (Video Research 2004).

The German market also provides interesting sponsorship snapshots. Research by the Hamburg agency, Pilot, reveals not only that a similar sponsorship boom has been taking place there, but also that the market size for sponsorship is considerably bigger than in the UK. Due to major sport events in Germany, it is predicted this will rise to £3008 billion by the year 2006. With increased investment in sponsorship, the study 'Sponsor Visions 2004' underlines the changing

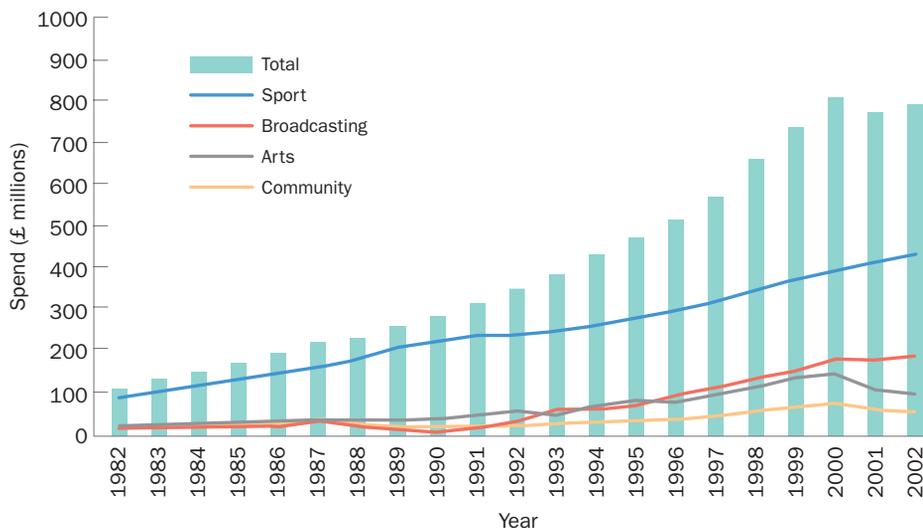


FIGURE 27.4 UK sponsorship market, 1982–2002 (source: Mintel 2002)

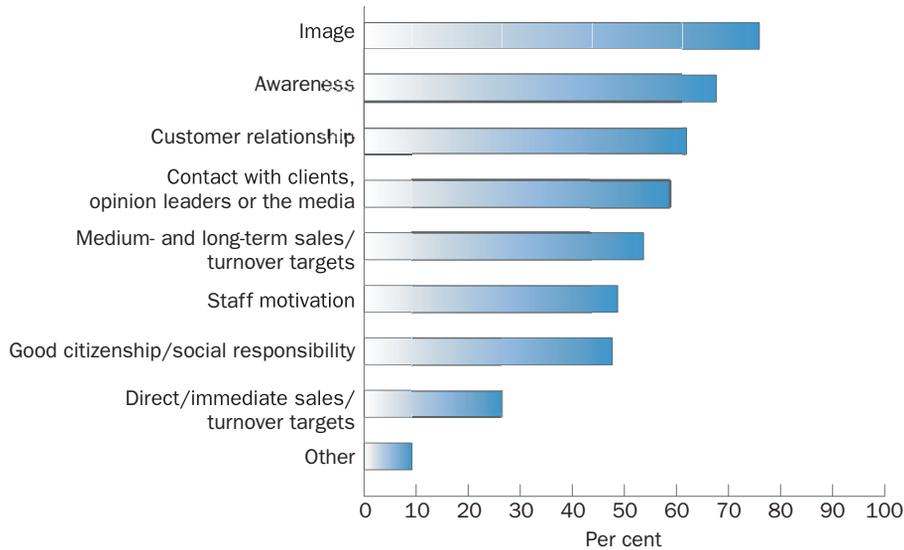


FIGURE 27.5 Sponsoring target objectives of German companies (source: Pilot Group 2004)

tide in communication expenditures. Whereas in 2000 approximately 16% of the communication budget went into sponsoring activities (2002: 17%), they now account for one-quarter of communication expenditures. Figure 27.5 gives additional background information on the purposes of sponsoring activities in Germany.

By far the biggest sponsorship market is the USA. The IEG (2003b) sponsorship report estimates the market size to about £8 billion, with a predicted increase of 8.7% in 2004. As US companies are in many cases marketing pacesetters, recent trends need to be carefully watched. Despite the 'closed club phenomenon' common in European and East Asian markets, this growing industry is fuelled not only by moderate budget increases from established sponsors but also first-time investors. It is therefore reasonable to assume that sponsorship is no longer an exotic side dish of communication, but has reached the marketing mainstream. In the light of increased competition and new technologies that allow an advert-free media environment, US companies are looking into alternative promotion possibilities. Despite an increasing fragmentation in the North American sponsorship market with a larger number of minor deals by small firms replacing major sponsor deals, multinationals dominate the industry as

is shown in Table 27.1. All this takes place in an environment of increased sponsorship literacy. (See Think about 27.5 and Box 27.4.)

Career opportunities

Career opportunities in sponsorship are numerous. The increased importance attributed to sponsorship by advertisers and the continued trend towards profes-

TABLE 27.1 Top 10 US sponsors (source: IEG 2003b)

2003 Rank	Amount	Company
1	\$250–255M	PepsiCo, Inc.
2	\$240–245M	Anheuser-Busch Co.
3	\$185–190M	General Motors Corp.
4	\$180–185M	Coca-Cola Group
5	\$160–165M	Nike, Inc.
6	\$155–160M	Miller Brewing Co.
7	\$125–130M	DaimlerChrysler Corp.
8	\$100–105M	Ford Motor Co.
9	\$95–100M	McDonald's Corp.
10	\$95–100M	Eastman Kodak Co.

think about 27.5 Technology's impact on advertising

Consider some of the technological developments that are affecting traditional marketing techniques and encourage alternative approaches to communication such as sponsorship.

Feedback In this context of developing technology, consider innovations such as TiVo, a new set-top system that digitally records TV programmes. It therefore becomes possible to cut out any commercial breaks in the programmes you watch.

**box
27.4**

An age of sponsorship literacy?

A study by Mediaedge (2004) (Figure 27.6) examines particular target groups to discover whether some sponsorship activities could be more effective than others. Fifteen to twenty-four year olds seem especially receptive to sponsorship messages, whereas the support of good causes (CRM, community and societal sponsorship) cuts through the information clutter of all age groups.

activity 27.4

Building a sponsorship strategy

Assume you are a project manager responsible for organising a major art exhibition. As this art exhibition is part of an internationally renowned, New York-based museum, a lot of public interest is to be expected. However, so far no sponsor has been found to support this project.

You are asked to devise a sponsorship strategy for this particular event, which must include:

- defining potential sponsors
- developing key selling points
- thinking about ways of contacting potential sponsors
- planning media coverage.

activity 27.3

Careers in sponsorship

The field of sponsorship offers a wide range of job opportunities. Find out about career profiles in this growing industry using the following steps:

- go to a job search engine such as www.monster.com, www.fish4jobs.com or www.jobpilot.co.uk
- search 'jobs' and select the related fields 'marketing', 'public relations' or 'advertising'
- narrow your search using the keyword 'event', 'sponsoring', 'fundraising'
- pick three jobs that are of interest to you.

Feedback

Discuss with a colleague/friend the career profiles of these job opportunities. You should find answers to the following questions:

- 1 What makes them interesting to you?
- 2 What are the keywords of the job description?
- 3 What experiences does the employer look for?
- 4 In what area of sponsoring does the profile fall?

sionalising agency services makes for interesting career prospects. Despite the necessity for in-house capabilities, many organisations use external expertise (PR/communications and specialist sponsorship agencies). Due to the multifaceted nature of sponsor-

ship, specialist agencies offer a wide range of services. Fields of employment are as colourful as the sponsorship agency environment. Core competences range from event management and human resource provision, through to media planning and sponsorship evaluation (market research) to strategic marketing and hospitality management. Whether you want to work in fundraising for a non-profit organisation, organise the sponsorship activities in the context of an art exhibition or devise a plan for optimal media coverage depends on your interests and capabilities. (See Activities 27.3 and 27.4.)

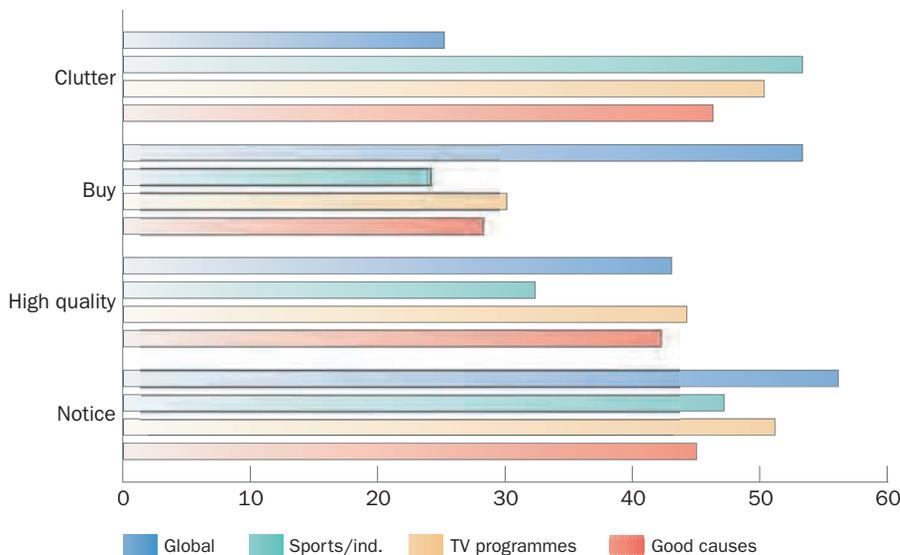


FIGURE 27.6 Attitudes towards different forms of sponsorship activity (source: Mediaedge 2004)

Summary

Recent changes within the sponsorship industry have not gone by unnoticed by major players. Advertising agencies, media planning companies and research institutes have a communication expertise that they now need to extend to the sponsorship field. Under the roof of communications services groups, there is a trend towards establishing sponsorship departments. Many media planning agencies, for example, link up with niche agencies to expand their

service portfolio. Recent examples include the merger of the agency Sponsorcom with Mediaedge: cia (WPP Group) to form Europe's leading sponsoring agency, MEC, and the acquisition of Momentum by McCann Erickson (Interpublic Group). These mergers and acquisitions, combined with the overall performance of the sponsorship industry, convey a strong message: sponsorship has grown up and as a modern communication tool faces new challenges.

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For glossary definitions relevant to this chapter, visit the **selected glossary** feature on the website at: www.pearsoned.co.uk/tench