

Sponsorship - A Marketing Tool in Sport Events

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ABSTRACT

Sports sponsorship is a marketing tool that is frequently used by companies to reach a wide audience on a global basis so as to be placed higher than their competitors and to create awareness as well as make a higher profit margin. Through this platform, specific target audience alongside potential customers are reached as it able to penetrate through quite effectively in the promotional mix and as such, is a significant method being used by many organisations. The aim of this paper was to gain a deeper understanding of how companies use sponsorship in sport events as a strategic tool in their marketing program. In order to achieve this purpose, the paper describes and explains companies objectives with sport sponsorship, the threats being encountered by its usage and the reasons why companies decide to sponsor.

INTRODUCTION

For many years sponsorship and sports marketing have been in existence and has now been greatly improved upon. Hardly can organizers of major events expect to receive some funds without expecting to give something back in return. A couple of years ago, sponsorship could be regarded has more charitable or philanthropic, but in recent years, that has changed significantly. Mullin, Hardy and Sutton (2007, p. 315) defines the term sponsorship as '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. The sponsor then uses this relationship to achieve its promotional objectives or to facilitate and support its broader marketing objectives'. Skinner and Rukavina (2002) points out that the Olympics held in Los Angeles was a rapid market expansion for sponsorship deals. The event's organizers where able to raise over \$400 million worth of sponsorship deal which opened the doors for other Olympics as well as other big events such as the FIFA World Cup. In recent times, many new opportunities have opened up for companies to compete with one another in creating sponsorship deals that is both favorable to them as well as the sporting entities they get involved with.

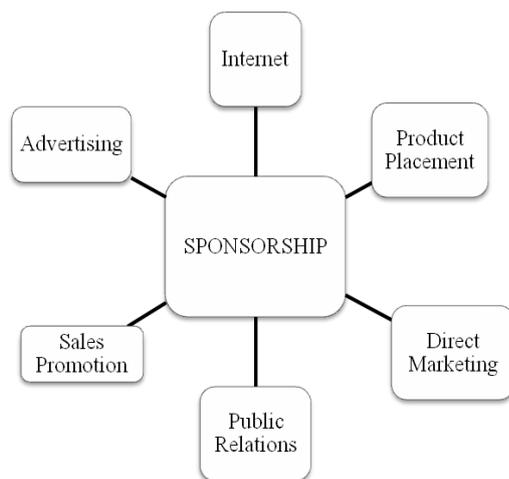
Many companies nowadays are fully aware of the fact that they need their customers to stay in business and many of them know the high significance which marketing plays in making them compete successfully amongst their competitors. Companies need to satisfy their customers by creatively managing their marketing mix in order to have a competitive advantage over others (Jobber & Ellis-Chadwick, 2012). Promotion is the way for the company to communicate with their target audiences through mass communication (Jobber & Ellis-Chadwick, 2012). Promotion, however, includes much more than the traditional forms of advertising. It involves all forms of communication to consumers. For many organizations, sports are quickly becoming a effective and efficient way to communicate with both current and potential target markets (Shank 2009, p. 263).

OBJECTIVES FOR SPORT SPONSORSHIP

Due to the fact that the field of sport sponsorship does not yet have a precise and exact conclusion, many authors and researches carried out are yet to give a clear concept on the whole objectives of sponsorship in sporting events. A company's sponsorship success of an event is defined by its objectives and how well the end result can be evaluated and beneficial to the organization. According to Andreffand Szymanski (2006), there are two types of objectives which can be classified as direct and indirect objectives. In the direct objective 'the sponsor expects a rapid change in behaviour of its existing and potential customers'. While in the indirect objective the authors maintain that it is 'primarily for increased visibility to brands and products, contact with a particular segment of its client base and an enhancement of its image; alongside growth in sales are only a long-term goal'.

SPORT SPONSORSHIP AS A MARKETING TOOL

Profit making is usually a great concern of most companies due to the fact that their products and or services need to dominate over that of their competitors in the same field of business as they are. This is vital due to the fact that most products and services are quite similar in most instances and as such companies need to be creative in their marketing strategies so as to stand out from the crowd. Most companies departments use various means of reaching out to both existing and potential customers to purchase their own products. Using promotion as a marketing tactic is of essence, as companies need to get their brands, name, and their messages directly across to the consumers (Buhler & Nufer 2012). It is believed that advertising is an old form of communication and it is a well-known promotional tool but in recent times, consumers have been over-saturated with advertisement both on television and on the print media and majority cannot recall most of the commercials they come across. Over the years, marketers developed new means of promotional tools to reach out to the consumer markets with the likes of public relations, sales promotion, direct marketing, sponsorship and product placement (Buhler & Nufer 2012). As such, sponsorship can be linked to other forms of promotional tools as shown in figure 1.



SPORTS MARKETING

Sport is generally understood to include physical activities that go beyond competitive sports. Incorporated into the definition of sport are all forms of physical activity that contribute to physical fitness, mental well-being and social interaction. These include: play; recreation; organized, casual or competitive sport; and indigenous sports or games.

During the past few decades, sport has developed from a relaxing weekend activity into a complex industry. This is evident from various phenomena. On the one hand, sport is magnified daily in the media. A good example of this is all the news concerning Wayne Rooney, David Beckham or Tiger Woods. On the other hand, the sports sector tries to take advantage dynamically of the socio-economic developments. For instance, the explosive growth of the fitness sector results from diverse economic, demographic and marketing evolutions. The speed with which all this happens demands creative and determined sports management. In an age in which consumers are flooded with information, it is essential for a brand to communicate distinctively. With an appealing sports project, brands can break through the immunity that consumers have developed to the innumerable advertising stimuli. Through a sports sponsorship project, a brand communicates information and avoids confusion with other competitors (Lagae 2005).

During the last couple of decades, sport amateurism has risen dramatically into a far more professional business and the level of entertainment that came along with this phase was quite rapid. The evolution which commenced in the United States has expanded rapidly around the world where many people now tend to make their favourite sporting activity as the primary means or making a livelihood. Most athletes are full time professionals with incomes from both sponsorship endorsements and contracts. A couple of the biggest events that take place around the world include the Olympics, World Cup or the Super Bowl.

These events generate huge amounts of revenues for their respective organizers. Sports at either the amateur or professional levels are considered to be big business and as such, the organizers need to fully well comprehend the importance and basic principles of marketing. Companies would always want to see a return on their sponsorship investments; while the fans and spectators would want to see

their respective club sides and team perform well by winning what is at stake in the whole tournament.

Mullin et al (2014) defines sports marketing as 'consisting of all activities designed to meet the needs and wants of sport consumers through exchange processes. Sport marketing has developed two major thrusts: the marketing of sport products and services directly to consumers of sport, and the marketing of other consumer and industrial products or services through the use of sport promotions'.

Mullin et al (2014) recognizes four dimensions where the unique characteristics of sport marketing are quite obvious. These include product, market, finance and promotion.

- **Product:** Sport as a product can be described as 'any bundle or combination of qualities, processes, and capabilities (goods, services, and/or ideas) that a buyer expects will deliver want satisfaction' (Mullin et al.,2014) Marketers ought to understand that sport depends much on social facilitation. Either a fan or participant, sport concepts is highly based on individuals' interaction with one another.

The true nature of sports is that it is a highly perishable commodity, one cannot purchase past games tickets. They are presold and no inventories are taken. The sport consumers are also the producers. Spectators to a sport event have already purchased their tickets well in advance and at the same time, they add the thrill and excitement around the event venue which contributes to the atmosphere in the stadium which aids in producing the event (Mullin et al, 2014).

Sports are quite inconsistent and unpredictable. Inconsistency and unpredictability are an important aspect of any sports marketing success. These two aspects create a sense of momentum and competition, which eventually raises the interests and expectations of the spectators. Sport marketers need to understand that there are quite a number of benefits that accompanies each different athlete as each is quite unique in his/her own way both on and off the pitch (Shank, 2009).

The final feature in the sports product is the concept of core product. Here the top management in the leagues makes the rules while the team managers usually go for top athletes that are capable of delivering efficiently and effectively to the squad as a whole and not just their marketing prowess (Mullin et al.,2014).

- **The Sports Market:** There tends to be a high level of co-operation amongst many sport organizations with each other. Sports organizations cannot exist in isolation, they need to co-operate. The co-operation main principle is to create a level of meaningful competition between the professional, amateur and intercollegiate sports (Mullin et al.,2014).

There is a level of fluctuation in demand in the sports industry. Most form of sport has some annual life cycle that dictates demand. The commencement of the football league in England

popularly referred to as the English premiership usually brings high level of expectations and hopes. Where fans are quite eager to know how well their teams are doing on the team table and the more points acquired, the more revenue such matches are able to acquire through the ticket and merchandise sales.

Sports has become quite embedded into our daily lives, most spectators find it as a way of life and some find it as an adrenaline booster to some extent. Many authors relate sports with some human attributes such as religion, eating and drinking, sex and even politics.

- **Sport Promotion:** The level of media coverage on sport promotions has been on the rise, with many of the coverage focusing on both the athletes as well as the organizations themselves. Although this form of media coverage can be a 'double edged-sword' (Mullin et al.,2014). Sport teams tend to get free publicity on a daily basis through different communication means either in the newspaper, on the radio, on the television and very recently on the internet, all these avenues pose a somewhat advantage in terms of merchandising and ticket sales as well as youth development program but could also have some drawback effects. It could lead to marketing departments becoming rather inactive as well as affecting the psyche of individual athletes who are made superstars suddenly. The media and sponsors usually require celebrities, athletes who can be identified as attractive in the behaviour both on and off the field of play. They are usually somewhat exploited in marketing purposes and are not so popular amongst members of their teammates.
- **Sport Finance:** The financing of sports has some major features which make it quite different from other types of marketing: the total cost consumers spend on sports products are invariably low when compared to the total costs paid by the consumer in relation to the sport product. Travel expenses, food and merchandise are all contributing to the total cost that is accrued to a consumer and are all controlled by someone else other than the core event organizer (Mullin et al. 2014). The indirect revenues costs are somewhat greater than the direct revenue costs such as ticket sales being the major source of revenue. This aspect is mostly the case in major professional sports with high level of followers. Indirect revenues mean media contracts and sponsorship money. The tendency to rely heavily on these indirect sources of income is quite notable on most professional sports as attempts are being made to obtain sponsorship agreements and vital media contracts in the sports industry. Some sports organizations now rely much on the resources provided to them by wealthy benefactors, who in turn see these organizations as their own personal hobbies (Mullin et al. 2014).

SPONSORSHIP FROM THE SPONSOR'S PERSPECTIVE

When companies commit themselves to sponsoring certain activity, they should always have clear reasons and objectives for their actions. Sponsorship goals should always be linked to promotional objectives and in a wider sense to the marketing objectives of the organization (Shank 2009).

- **Create Exclusivity:** Many a time, companies usually negotiate a sponsoring or licensing agreement that would make the company an exclusive sponsor to an event. The advantage related to this type of sponsorship is a high level of exposure without having to worry about certain competitors and the cluttering which is quite synonymous with the traditional mode of advertising (Mullin et al.,2014).Sponsorship tends to communicate a company's message in a more different and less commercial way; the IOC designed an exclusivity contract back in 1988 Seoul Olympics to selected companies to use the Olympic rings logo on their products in all parts of the world which guarantees that the sport entities will use only their product-lines and not of unlicensed competitors (Mullin et al., 2014)
- **Building Goodwill:** Sponsorship is a great way of conducting business on a more personal basis in order to create a certain level of goodwill. Through the aid of hospitality and entertainment, an amicable business environment can be created which in turn can boost a company's image positively (Mullin et al., 2014).
- **Secure Entitlements or Naming Rights:** Naming rights and entitlement can be procured by companies in a sponsorship agreement in various sport entities or sporting events. They can either be part of a sport event or the whole event which might include the facilities as well. 'Naming rights are the most expensive sport marketing investment in the present market place and it is also regarded as the less utilized mode of sponsorship'.
- **Relationship Marketing:** Many companies are now involved in building a long lasting relationships with their customers and at the same time seeking new innovative means in acquiring new lasting ones too. Mullin et al, identifies three main conditions under which relationship marketing is a productive and successful marketing approach. The first approach is the customer having an ongoing desire for some level of service. Secondly, the customer of the service tends to control the selection of the service supplier. Lastly, there are alternative service suppliers. These conditions are highly present in the sport market-place and also provide an excellent forum for relationship marketing since sport consumers are highly involved consumers who usually have a desire for long-term association with a particular sport team or brand products (Mullin et al., 2014).
- **Sales Increment:** The whole purpose of a sponsorship deal is to increase the level of sales.

When organizations consider investing in sponsorship contracts, they must initially assess their organizational objectives and marketing goals and then decide which form of sponsorship will aid in achieving them (Shank 2009).

- **Competition:** Companies engage themselves in sponsorship deals at times due to some level of threat from their competitors. It has been argued by many sponsors that this is the main reason for sponsorship activity. In other words, if they are not interested and fail to invest in sponsorship, then some of their competitors will; which will eventually lead to a market loss for them in major events like the Olympics for instance (Shank 2009).
- **Image Building:** One of the most important aspects why organizations go into sponsorship deal is either to build the organizations image or to maintain a high level image. It is a two-way street for both the sports entity and the sponsoring organization whereby the latter, tends to associate itself or its brands with the positive images obtained by the unique personality of the sporting event (Shank 2009).

The situation can be fully verified in the case of Tiger Woods where many of his sponsors which included the likes of Gillette, Accenture, AT&T, and General Motors discontinued their sponsorship deals with him after news of his numerous infidelities broke out to the public. Many of these companies did not want their brands to be associated with such scandals and some went to the extent of pulling out the television commercial which featured the golf star.

ISSUES FACING THE INDUSTRY (THREATS)

There are quite a number of issues that both the sponsored properties and sponsoring firms need to consider when they set out to go into sponsorship event deals or other forms of competitions.

- **Ambush Marketing:** Ambush marketing has always been a substantial scourge in the sponsoring industry which tends to pose quite a number of threats and also affects the image of sponsorship which at times could lead to questioning the whole integrity of the sponsorship event campaign.

Ambush marketing is regarded as a marketing campaign that takes place around an event but does not involve payment of a sponsorship fee to the event. For most events of any significance, one brand will pay to become the exclusive and official sponsor of the event in a particular category or categories, and this exclusivity creates a problem for one or more other brands. Those other brands then find ways to promote themselves in connection with the same event, without paying the sponsorship fee and without breaking any laws.

- **Legislation:** In many countries, there is increasing legislation against alcohol and tobacco products

using sponsorship as another alternative to the banned advertising campaigns. Countries within the European Union, Northern America, Australia and Asia have all placed some level of ban on alcohol sponsorship and an outright ban on the tobacco sponsorship of sports events. Alcohol is still being advertised on some countries television and the advertisement of tobacco products was banned on television in Europe in 1991.

An increasing number of countries around the world have passed anti-tobacco legislation and sports like Formula 1, Cricket, Snooker and Darts competitions are mostly affected due to the fact that sizeable amount of funding such competitions are from the tobacco industry and as such, have come under tremendous pressure from the World Health Organization and other public health advocates to seek other means of sponsorship which is less direct, but tobacco manufacturers often use so-called 'surrogate advertising' by promoting sports events through non-tobacco making subsidiaries.

- **Sponsorship Clutter and Media Coverage:** The high level of media coverage of various sport events is creating some form of avenues for non-sponsors to ambush the campaigns of official sponsors and to have some level of access and positive benefits on the whole sponsorship agreement. Television sponsorship clutter appears to be a significant problem in the Southern parts of Europe (Spain and Italy), with twice as many people agreeing with the statement that television is far too heavily sponsored, compared with the British market.

It is true that sponsorship industry is facing challenges from increasing levels of clutter and intrusion which are turning consumers off, but sponsorship still has the ability to raise awareness and to influence consumer attitudes. As long as there are fans, affinity groups and clear brand associations, sponsorship will certainly remain an effective marketing tool.

CONCLUSION

The concept behind this paper was to examine the important role which sponsorship plays as a marketing tool in sport events. More importantly, how companies are able to sell their goods and or services while using sport events as a platform to reach out to a wider audience target. The paper entailed sponsorship objectives and how sponsorship can be linked to other forms of promotional tools. Sport marketing is a thriving aspect nowadays of carrying out marketing strategies so as to have an edge over competitors and also to have the company viewed in a positive way by both fans and spectators who happen to be the customers of the sponsoring companies. It is important for companies to reach out to millions of potential customers in a cost-effective way and sponsoring a major sport event creates an exciting avenue to put their brands on a worldwide scale in an exciting and rather relaxed atmosphere.

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