

2 Literature Review and Theoretical Background

2.1 Brands and identity-based brand management

Brands have a long history in identifying the provenance of a product (e.g., a specific manufacturer or region) and in differentiating one market offering from another. For example, brick-makers in ancient Egypt used to emboss their bricks using unique symbols and members of trade guilds in medieval Europe utilized "trademarks" on their products as a sign of quality for the customers and to claim legal protection of exclusive production rights for specified regional markets. The notion of "brand/-ing" emerged in the 16th century and is said to originate in Whiskey distillers' habit to burn – or brand – the name of the producer onto each barrel in order to identify the producer and to prevent substitution with cheaper products (Farquhar 1990, p.RC-7; see also Esch and Langner 2005, p.575). Also, farmers in the "Wild West" used (and still use) to mark their cattle by branding the sign of the owner into the animals' fur (Keller 2008, p.2). Branding of products or services as we know it today evolved at the beginning of the 20th century as a result of mass production in the course of industrial development. Consumer goods manufacturers strived to regain control over product sales from retailers (Biel 1993, p.69) and they also aimed to move beyond selling commodities towards marketing branded products (Aaker 1991, p.8). Meanwhile, the branding concept is covering societal fields across commercial and non-commercial interaction such as online products and services, peoples and organizations, sports and arts, tourist destinations, or ideas (Keller 2008, p.10ff.).

As early as 1939 Domizlaff (1939) proposed that branding techniques should yield the development of a trustful relationship between the consumer and the product (see also Domizlaff 2005). This farsighted view embraces both an instrumental as well as a perceptual understanding of brand management (Drengner 2006, p.43f.; Esch et al. 2005, p.9f.). While the former standpoint has been adopted for early applications of brand management and focused on the technicalities of the brand leadership process from an owner's perspective (like the appropriate utilization of advertising), the latter position is concerned with building, modifying, and reinforcing brand attitudes and brand associations in the mind of consumers. Identity-based brand management is an advancement of the exclusively image-based perspective in that it accounts for the internal perspective of an organization (e.g., a firm) as the brand possessor and creator in addition to the external perspective of the customers

holding an image of a brand in their minds. In other words, the identity-based approach to brand management takes into account the brand as projected by internal stakeholders (e.g., brand managers) referred to as the brand identity, as well as the brand as perceived by external stakeholders (e.g., customers, suppliers) referred to as the brand image (De Chernatony 2006; De Chernatony and Harris 2000).

This two-dimensional approach to brand management (Burmam et al. 2009) has been developed by different scholars the most prominent of which are Kapferer (1992; 1991), Aaker (1996) as well as Meffert and Burmann (1996). Brand identity reflects the characteristic traits of a brand as understood and proactively created by internal staff and management of a company. It is therefore considered a form of group identity, which is expressed through shared values, aims, behavior, and the organization's ethos (Burmam and Blinda 2006, p.6ff.; Van Riel and Balmer 1997). Building on such a common understanding of what the brand does and does not represent, the identity approach takes the role of a brand leadership concept that guides corporate actions toward a coherent brand that ultimately is understood by external stakeholders (De Chernatony and Harris 2000). Meffert and Burmann (1996, p.31) define brand identity as a consistent and cohesive entity of brand features which form a brand's character and contribute to sustainable differentiation of the brand from other brands. The process of communicating the essence of a brand's identity – that is, the brand promise – to the target group/-s and, along this line, pointing out facets that differentiate a brand from competing offers is called brand positioning. The brand promise sets the expectation of customers with regard to brand performance and benefit. Brand behavior at all touch-points must keep up to these expectations in order to attain customer satisfaction (Dunn and Davis 2003; De Chernatony and Harris 2000) and build a stable brand/customer-relationship (Burmam et al. 2006, p.483).

While brand identity represents the sender's dimension of such an integrated approach to brand management, brand image as hold in mind by the customers represents the receiver's dimension (Kapferer 2012, p.152). Influencing a brand's image is one of the central objectives of sponsorship and, thus, the brand image construct will be introduced as the outcome variable of interest in this study (see chapter 3.4, p.120ff. and chapter 4, p.139ff.). Providing for this eminent role in regard to the thesis at hand, the brand image construct will be outlined in some more detail in a dedicated chapter (see chapter 2.4, p.56ff.). But first, the role of sponsorship in the marketing communications mix will be discussed and the

instrument's ability to transcend brand identity and conjure up brand image in the sense of the identity-based brand management approach is going to be highlighted (see chapters 2.2, p.21ff. and 2.3, p.53ff.).

2.2 Sponsorship and its role in the marketing communications mix

Even though sponsorship has gained acceptance as an instrument of the marketing communications mix during the past years, it is still a relatively new medium. The increasing degree of sophistication in sponsorship strategy and execution has contributed to the development from a form of management ego trip driven by intuition and individual enthusiasm (Crimmins and Horn 1996) to a professionally applied instrument of brand management. The present chapter provides an overview on the instrument's historical development (2.2.1), on its current understanding (2.2.2), and on different forms (2.2.3) and objectives sought after (2.2.4). An essential issue that is outlined towards the end of this chapter is the integration of sponsorship into the marketing communications mix (2.2.5).

2.2.1 History and development

The origin of sponsorship cannot be identified unambiguously because the habit of supporting an organization or a person was known in ancient Greek, in the Roman Empire, and most probably in other regions and/or epochs too. In general, it is purported that wealthy individuals at that time took pleasure in supporting athletic and arts festivals or gladiators in order to enhance their social standing (Cornwell 1995; Sandler and Shani 1993).

Notwithstanding the irrelevancy of accurately dating the genesis of sponsorship, many authors credit the roots of the instrument as we know it today to Gaius Clinius Maecenas who lived in Rome at about 70 BC as an intimate and advisor to Caesar Augustus (see e.g., Coppetti 2004, p.9; Bruhn 2003, p.3). Maecenas used his personal affluence as well as his political and social power to support young poets like Horace or Virgil. His name has become an epitome for a generous and selfless patron of the arts and the notion of "Mäzenatentum" (German for patronage) today means the advancement and support of cultural and communal means by single persons or organizations out of purely altruistic motives (Bruhn 2003, p.4). However, in accordance with a dictum put forth by Samuel Johnson contending that to "act from pure benevolence is not possible for finite beings. Human benevolence is mingled with vanity, interest or some other motive" (quoted after Meenaghan 1983, p.17), Maecenas did in fact receive some reward in return for his generosity. In the interest of the state, he expected

that the poems written by his protégés would have the power to reconcile men's minds to the order of the Roman Empire and that these works would eventually help associating the state with glory and majesty. Also, some of the supported artists' masterpieces auspiciously alluded to both Maecenas and Augustus (Coppetti 2004, p.9). In effect, the mechanism of receiving favorable communicative reference in exchange for monetary or in-kind support as deployed by Maecenas some two-thousand years ago strongly resembles prior (Meenaghan 1983, p.9) and contemporary understanding of commercial sponsorship (see Table 1, p.31f.).

Albeit some form of promotion of different societal causes did obviously exist since quite some time, formation and distinction of a broader variety of sponsorship types (e.g., sports, culture, social causes, science) as well as the professional management of sponsorships as we understand it today has yet emerged only since the early 1970s (Ahlert et al. 2007, p.5). The commercial development of the Olympic Games may be illustrative in exerting the evolution of sponsorship from the beginning of the 20th century until today since it has a long tradition of utilizing a heavily publicized event for the communicative benefit of associated firms. Association of firms and brands with the event started at the Games' very first holding of the modern era in Athens 1896. George Averoff paid generously for the refurbishment of the stadium in preparation for the event and some companies provided financial support by advertising in the event's souvenir program (e.g., Kodak – one of the first sponsors of the Olympic Movement). Even though the donation of monetary or in-kind assistance may have arisen from some laudable desire to support a fine cause, commercial objectives were an undeniable facet of the motivation pattern too. For the 1928 Games in Amsterdam Coca-Cola was acquired as a partner and the brand began the longest continuous Olympic sponsor relationship at that point of time (Coca-Cola is still a current member of The Olympic Partners – TOP – program). As the commercialization of the Games started to become rampant with the entry of brands like Coca-Cola into the roster of sponsors, it happened at the same year that the IOC stipulated posters and billboards to not be on display on stadium grounds and buildings. Surprisingly, it is this more restrictive than encouraging decision that down to the present day contributes a fair share to the high value of the Olympic Games as a sponsorship property because it provides for the very exclusive nature of this particular event and allows for maintaining a commercial-free look (Coppetti 2004, p.10). For the 1952 Games in Helsinki an international marketing program was launched for the first time with the first sponsorship contracts issued (IOC 2012 here and below). It was not until

about this time that Olympic sponsorship latched onto the professional conduct that would lead up to the unprecedented high standard of sponsorship management complied with today. From that point on, the number of partners and licensees skyrocketed peaking at 628 sponsors and suppliers for the 1976 Games in Montreal. In a reaction to this proliferation the IOC adopted a policy that restricted the number of sponsors and bundled worldwide marketing rights for both Winter Games and Summer Games. For example, the sponsor portfolio for the 2010 Winter Olympic Games in Vancouver was restricted to the 9 TOP program partners, 16 national partners and official supporters, and 41 official and media suppliers (24 broadcast partners not included) (IOC 2010). Nevertheless, the revenue generated from sponsorship (TOP program and domestic sponsorship) and licensing has grown to a total of USD 2.61 bn for the four-year period of 2005-2008 (nearly threefold the revenue generated for the 1993-1996 period; data on period 2009-2012 not yet available at the time of writing). Apparently, the IOC succeeded in limiting the number of sponsors in an attempt to both provide more exclusive communicative opportunities to each sponsor and to reduce sponsorship clutter as perceived by spectators, while still increasing income. In this sense, the history of Olympic sponsorship may serve as an example that exhibits the evolution of sponsorship from its rather patronage-like beginnings to professionalized commercial sponsorship via ages of communicative excess and episodes of over-regulation. In an attempt to structure and describe the development of recent sponsorship history, Bruhn (2008) differentiates and portrays seven phases that cover a period starting from the 1960s and leading up to the beginning of the 21st century. Below, these phases will be presented succinctly (according to Bruhn 2008, p.25ff.):

Phase of surreptitious advertising (1960s)

At the dawn of sponsorship, communicative activities in the context of events that aimed at establishing some sort of perceptual connection between an advertised brand and an event have largely been conducted without official permission by hosts or organizers. Mostly, this form of advertising was applied on-site with sports events and through the media via sports broadcasting. The recipients did not necessarily recognize the purpose of the communicative content. Presenting brands and advertising messages without formally disclosing a communicative intent is prevailing today in the form of product placement. Furthermore, today's ambush marketing (also called parasitic marketing) is characterized by its unauthorized status, where brands that are not contractually linked to a sponsorship property

still try to affiliate with an event, organization, or person (Shani and Sandler 1998; Sandler and Shani 1989). These links are typically established by using generic phrases associated with the property, advertising during an event broadcast, or the use of consumer promotion activities in the context of a property (e.g., product sampling around the event venue, publicizing congratulatory messages to an athlete) (McKelvey and Grady 2008, p.555ff.).

Phase of sports advertising (1970s)

The transition to "authorized" forms of sponsorship is attributed to the first occurrences of jersey advertising in European soccer. Specifically, in 1973 the soccer team of Eintracht Braunschweig changed their club emblem from a lion to the roaring deer-logo of liqueur producer Jägermeister in exchange for an annual payment of 100'000 Deutsche marks. That way, Jägermeister legally promoted their company logo during a time when jersey advertising was still banned officially (Jötten 2011).

Phase of sports sponsorship dominance (1980s)

During this period professional sponsorship strategies and procedures were developed and companies started planning and managing their engagements in a systematic manner. Particularly the ever-expanding sports sponsorship activities were occasionally integrated into the marketing communications mix. Apparently, sports sponsorship dominance cannot be considered a phase that began and ended in the 1980s as insinuated by the title of this section, but it is rather a discipline of sponsorship that has become to dominate the entire instrument as per today (IEG 2011; Bruhn 2010, p.80).

Phase of extension to new target groups (early 1990s)

During the early 1990s, companies began to address new target groups outside the sports sponsorship field. Culture and arts sponsorship, social sponsorship, and environmental sponsorship gained relevance during this period. These sponsorship forms have long been recognized as patronage rather than sponsorship because motives of donors were perceived as altruistic and have rarely been linked to any commercial intent in the beginning. Nowadays, professional commitments in these fields are clearly following measurable communication objectives too.

Phase of program- and media sponsorship (mid 1990s)

In the mid 1990s companies started engaging in sponsorship of radio- and television programs. With the emergence of new media, especially the internet, this form of sponsorship has been widened to encompass all types of media. The wide reach of some of these

platforms allows for communicating to a large audience which is mainly used to gain brand awareness. Whether or not program- and media sponsorship is a discrete form of sponsorship is an issue heavily debated among researchers and practitioners (see chapter 2.2.3, section Sponsorship field, p.36f.).

Phase of integrated communication (mid 1990s)

In line with advancing professionalism in sponsorship strategy development and execution, companies have been searching for new possibilities to support their engagements through integration into the broader context of their marketing communications activities. It is well known today that one of the keys to reach desired consumer reaction to sponsorship is exploitation through collateral advertising or leverage (Cornwell et al. 2005, p.36; Otker 1988). Through additional expenditures on sponsorship promotion, brand managers must make sure that the sponsorship message transcends to their target audience and they have to detain consumers from incorrectly identifying a competitor as an event sponsor (Johar et al. 2006; Pham and Johar 2001; Johar and Pham 1999). For example, a longitudinal study conducted by Hermanns (2010) indicates that 56% of sponsors integrate their activities with classical advertising and 32% link-up their sponsorship to sales promotions¹. A recent study (see IEG and Performance Research 2011) estimates that the "leverage spending per rights fees"-ratio was 1.6/1 in 2011.

Phase of value creation (late 1990s)

Finally, performance measurement in the sense of a "Return on Sponsorship Investment" has emerged in the late 1990s in order to satisfy widespread shareholder value attitude. The core of this discussion has been and still is the potential value creation through different types of sponsorship and the value creation of sponsorship compared to other instruments of the marketing communications mix. The significance of a measurable return on sponsorship investment is reflected by the high share of companies actively assessing this kind of performance indicator or some related statistic. In a recent survey, 67% of companies' decision-makers indicated to measure sponsorship returns and 50% of them declared that return on sponsorship investment has increased over the past few years² (IEG and

¹ For an extensive overview on the extent and the different forms of sponsorship integration see Hermanns (2010, p.45).

² 27% of respondents indicated no perceived change in sponsorship return on investment, 6% declared they perceived a decrease, and 18% said they do not know (IEG and Performance Research 2011).

Performance Research 2011). Generally, the importance of putting in place appropriate performance indicators as well as developing measurement approaches will remain high as the increasing levels of sponsorship spending bring into focus their capacity in providing a satisfactory return on investment (Clark et al. 2009, p.170) and especially as the relationship between sponsorship agreements and shareholder value is still unclear (Deitz et al. 2013).

With regard to the future development of sponsorship it can undoubtedly be expected that we will see further proliferation of the instrument with regard to content and forms. The International Events Group (IEG 2012c), a globally active provider of sponsorship consulting and commercial research services, contends that sponsorship is the fastest-growing marketing medium and its importance in marketing strategy deployment is on constant increase (Cunningham et al. 2009, p.65). Today, anything and anybody can be sponsored: from buildings to lifestyles and from causes to research (Klein 2000). Even the classic delineation into sponsor brands owned and marketed by commercial organizations versus properties like events or teams acting as the beneficiaries of a sponsorship might become blurred. The example of Chelsea Football Club linking up with the Sauber Formula One racing team might serve as an illustrative example of such dilution (Chelsea FC 2012). In this recent case Chelsea FC, being a recipient of sponsorship fees as one might expect, acts as a sponsor to the F1 team as if it were a firm aiming at promoting its corporate brand. But a corporate brand is most probably what the management team of Chelsea FC perceives its club to be. The goals that might be pursued by the football club by means of this partnership are the typical goals of a commercial sponsor: reaching a worldwide audience to enhance brand awareness and building brand image through transfer of associations such as excitement, passion for performance, or unique heritage. Thus, with progressing universality of branding, that is, in times in which everything can be branded (Keller 2008, p.10ff.) the "typical sponsor" and the "typical sponsee" might not exist anymore. It is also to be expected that sponsors will make new sponsorship fields available for their purposes due to saturation in established areas. This tendency is most evident in the emergence of action sports as a sponsorship field being in vogue recently (Bennett et al. 2003; Bennett et al. 2002). Beyond the development of new sponsorship content and forms, technological progress (e.g., smartphones) and increasing levels of out-of-home leisure activities will presumably fuel the expansion of sponsorship (Cornwell 2008, p.42).

The positive outlook on the progress of sponsorship in terms of content, forms, and technological support is substantiated by strong volume growth in the past and encouraging projections for the future. That is, after the market contraction experienced in 2009 (a mere 2.1% increase over 2008), researchers are convinced that global sponsorship spending will carry on its positive track record. Specifically, the growth rates for the years after 2009 have all been in the 5%-region with the projected growth rate for the year 2012 (over 2011) set at 4.9% (IEG 2012a; IEG 2011; IEG 2010; IEG 2000 here and below). This is in line with the strong growth rates experienced over the past several years. During the ten-year period from 1996 to 2006 global expenditures for sponsorship rights fees increased from USD 13.4 bn to USD 33.7 bn – equalling a compound annual growth rate (CAGR) of +9.7% – while from 2006 to 2012 sponsorship spending will increase further to a projected value of USD 51.0 bn. It has been suggested that the recent retardation in sponsorship growth – the CAGR for the 2006 to 2012 period equals +7.0% – is related to the world economic crisis that may slow down marketing spending in general. An overview on the development of global spending on sponsorship rights fees and the CAGR's given above is presented in Figure 3. Remember that these numbers exclusively represent the sponsorship fees and do not include any outlays on sponsorship leverage or activation required to communicatively exploit the acquired rights.

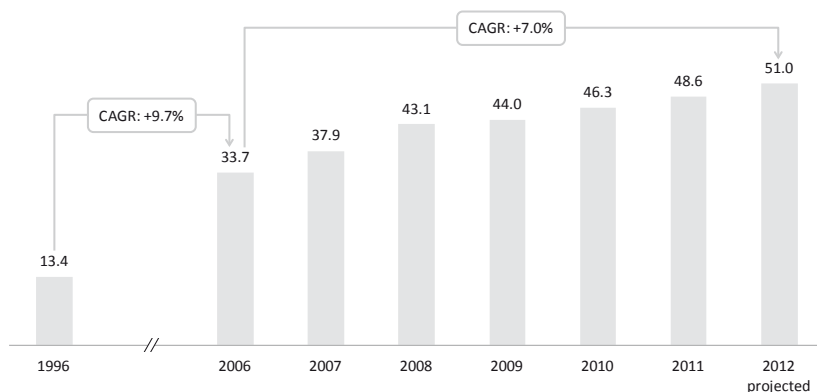


Figure 3: Total global sponsorship spending 1996 – 2012 projected [USD bn]. Source: International Events Group (IEG 2012a; IEG 2011; IEG 2010; IEG 2000).

A breakdown by world regions shows that behind North America – by far the largest sponsorship market – Europe will remain the second-largest source of sponsorship spending according to projections for 2012. Above average growth rates for 2012 (over 2011) are foreseen for the Asia Pacific region (+6.3%), where especially China and India are considered vibrant marketplaces for sponsorship, and for Central and South America, where the upcoming FIFA World Cup and Olympic Games in Brazil in 2014 and 2016, respectively, are regarded as two events spurring sponsorship spending in the entire region. A view on the regional breakdown as projected for the year 2012 including the anticipated growth rates over 2011 is provided in Figure 4.

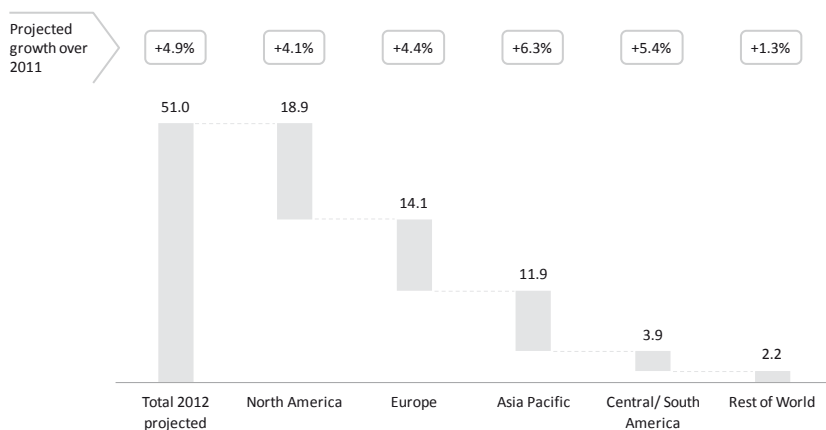


Figure 4: Regional breakdown of projected total global sponsorship spending 2012 [USD bn]. Source: International Events Group (IEG 2012a).

Comparable to what has been the case in many years over the past two decades (Cornwell 2008, p.41), sponsorship's growth rate will likely stay ahead of the pace experienced by advertising and sales promotion in 2012. While the numbers to substantiate this development are available for the US market only, assuming the general picture for other major sponsorship markets to be of a similar nature seems a tenable position. The general trend of sponsorship spending growth to exceed the growth rates seen for advertising and other communication instruments is supported by various studies (see e.g., Hermanns 2010, p.12; Cornwell 2008, p.41f.).

While advertising, sales promotion, and sponsorship all dropped in 2009, sponsorship has experienced the most dynamic recovery since. However, as sponsorship spending did not

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