

2 Sponsorship Basics and Objectives

2.1 Sponsorship Development and Types

Sponsorship, or the promotion of art and culture, has a long tradition and can be traced back to Gaius Clinius Maecenas (70–8 BC), who supported major poets of his days for mainly altruistic reasons (Bruhn 2010). The German term *Mäzenatentum*¹ has its origins in his name (Hermanns and Marwitz 2008). Support was also provided when the sponsor's name was not explicitly mentioned. Corporate giving can be considered a further development of patronage (Porter and Kramer 2003) and includes the systematic support of health facilities, universities, and operas, among many others. From a business point of view, nowadays fiscal reasons play a significant role in these donations; it is rather exceptional to claim something in return from the beneficiary/sponsoree (Bruhn 2010). Sponsorship, on the contrary, has been defined as a 'cash and/or in-kind fee paid to a property (typically a sports, entertainment, non-profit event or organization) in return for access to the exploitable commercial potential associated with that property' (IEG 2000), p. 1). Sponsorship-linked marketing, then, is the 'orchestration and implementation of marketing activities for the purpose of building and communicating an association to a sponsorship' (Cornwell 1995, p. 15).

Above all, sponsoring is about commercial interests, so it can be distinguished from corporate giving and patronage. Furthermore it is obvious that sponsoring can evolve its full potential only if it is activated through promotional spending in addition to the sponsorship fee (Cornwell et al. 2005). Cornwell et al. (2005) describe it as sponsorship leverage.

Over the last years, sponsoring has emerged as an inherent part of the communications mix within many companies (Bruhn 2010) and has caught up with classic above-the-line marketing and corporate communication tools, such as advertising and promotions (IEG 2000, 2013) The IEG Sponsorship Report of 2013 states that sponsorship has become an 'integrated marketing program that can take advantage of the reach of traditional advertising as well as the emotional and experiential benefits earned through partnerships with sports,

¹ In English, patronage or philanthropy.

entertainment, cause and cultural entities' (p. 2). Thus, sponsorship can be extended to different property types, such as sports, entertainment, causes, arts, festivals/fairs, and annual events, as well as associations and membership organizations. These property types amount to 51.1 billion USD of global spending annually, with a growth rate in 2012 of 5.1% (see Figure 2-1) (Bruhn 2010, IEG 2013).

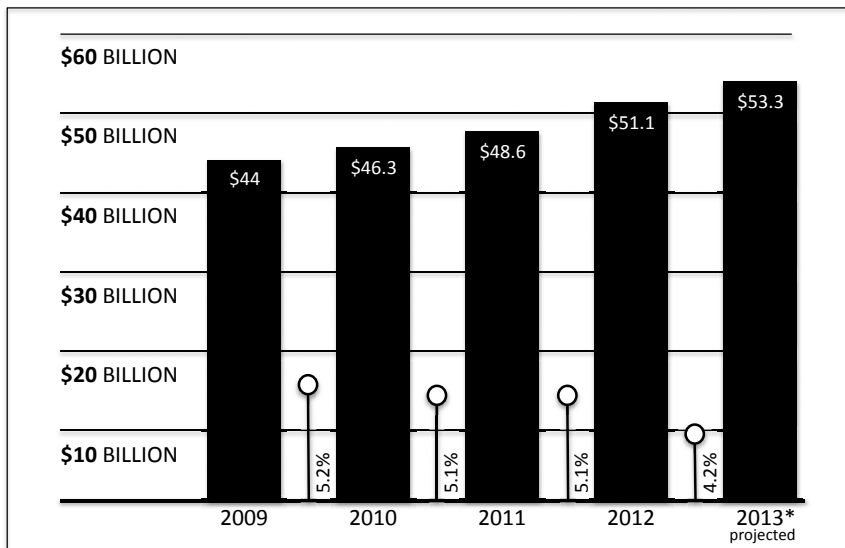


Fig. 2-1: Total global sponsorship spending

Source: IEG 2013.

The growth rate of spending thus repeatedly outperforms the growth rates of classic communication channels as in media spending and ad spending (GroupM 2012).

Sports, with approximately 13.8 billion USD, makes up 69% of all sponsorship spending in North America in 2013 (see Figure 2-2) and grew the most, with 6%, versus only a 5.1% growth for entertainment (IEG 2013). These figures are topped in Europe, where the European Commission (2013) reports in its *Weissbuch Sport* a sports sponsorship share of 91% in 2005. Hence, one can assume that sports sponsoring is the most important sponsorship property

type worldwide and will become even more substantial in terms of revenue in the future.

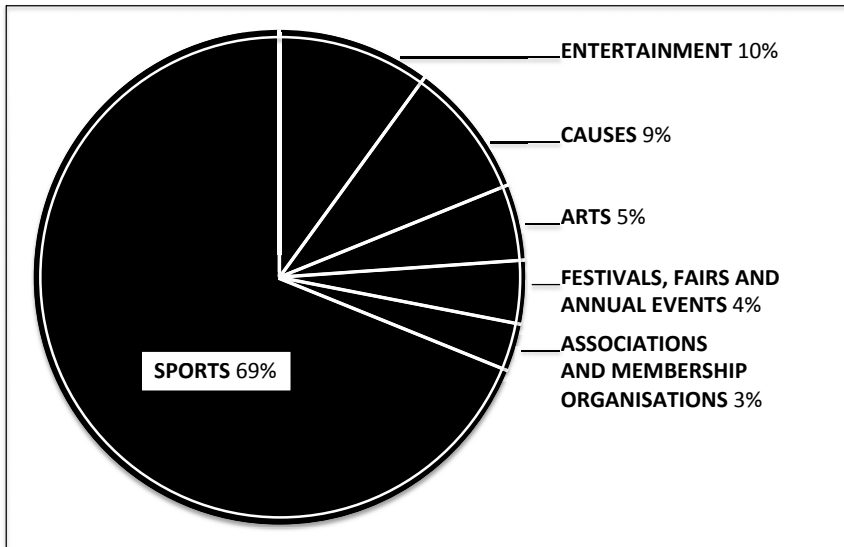


Fig. 2-2: Projected 2013 shares of the North American sponsorship market

Source: IEG 2013.

A global comparison of sport-sponsoring spending by regions clearly shows that North America makes up the largest part, with 35.8% followed by Europe, the Middle East, and Africa (EMEA) with 33.3%, Asia Pacific with 26.5%, and Latin America with 4.3% (see Figure 2-3) (PWC 2011). Hence, sport sponsorship is a truly global communication instrument and the investigation of sponsorship effectiveness requires a global approach. It is important to understand how sport sponsorship, with its regional differences, affects people at a global level.

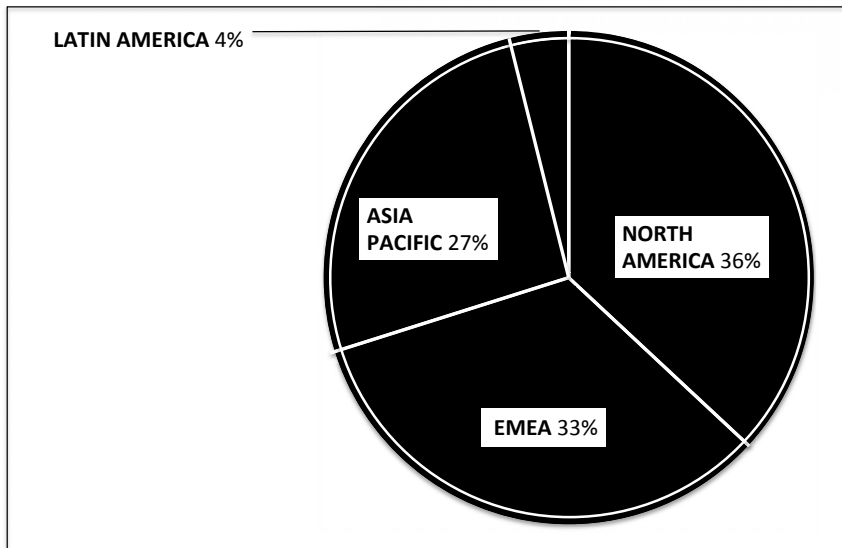


Fig. 2-3: Global sport sponsorship spending by region in 2013

Source: Author's own illustration, based on PWC (2011).

2.2 Sport Sponsorship Types and Objectives

The relevance of sports sponsorship compared to other sponsorship property types, is more substantial in many respects: It is the oldest type of sponsorship, makes up the largest part of the investment volume (69%), and has the highest growth rate (6%) (Bruhn 2010, IEG 2013). The first sponsorship activities date back to 1928, when Coca-Cola provided beverages to the US Olympic team at the Olympic Games in Amsterdam and marketed this on billboards and ads within the scope of their corporate communication activities (Hermanns and Marwitz 2008). Different dimensions of sports sponsorship have since developed, to the point where today the following criteria can be used to distinguish sports sponsorships:

- Extent or intensity of sponsorship activities. Bruhn (2010) differentiates between full sponsorships, where a single sponsor obtains the right to solely use the sponsoree for their communications, main sponsorships, and co-sponsorships. Especially in regards to major events, such as a

football world championship, one proceeds on the assumption that the investments can only be borne in common by various sponsors. A main sponsorship distinguishes itself by the use of exclusive rights, for example, the branding of sportswear (i.e. shirt/jersey sponsorships) or the denomination of a sports venue (i.e. naming right sponsorships). In contrast, a co-sponsorship only acquires the exclusive rights for a specific product field (e.g. as an official telecommunications sponsor), but not for a specific communication tool (e.g. perimeter boards).

- Scope and frequency of sponsorship engagements. PricewaterhouseCoopers (PWC 2011) distinguishes between ongoing events and major events: “Ongoing events” refer to regular sports events and leagues that occur annually or more often. These are distinct from “major events”, which are large international events occurring every few years, such as the winter and summer Olympics, and the FIFA World Cup’ (PWC 2011, p. 2). According to this differentiation, ongoing events can be either international (e.g. F1, UEFA Champions League) or national (e.g. DFB-Pokal or the first Bundesliga of the German Football Association). Major events, which occur only every few years, are usually international. Media coverage is distinct from this consideration and can be global, even for ongoing national events (e.g. the Premier League viewership in Asia).
- Performance level of sponsorship engagements. Especially in top-class or competitive sports, sports sponsorship has evolved into a major financial instrument (Ahlert et al. 2006). From this, one can distinguish between sports for the masses, youth, seniors, and the disabled (Drees and Trautwein 2008, Bruhn 2010).
- Organizational unit of sponsorship engagement. Sport teams and sport clubs are sponsored the most frequently, followed by single sportsmen (i.e. testimonials) and events, as well as sports associations (e.g. the International Olympic Committee, the Fédération Internationale de l’Automobile, and the DFB) (Bruhn, 2010).

Different types of sport can also be distinguished. Football is worldwide the most strongly sponsored sport (Bruhn 2010). In addition, athletics reach many viewers due to its international presence in the Summer Olympic Games, followed by the Winter Olympic Games, motorsports (e.g. Formula 1), tennis, and golf (*Black Book* 2007, Eurodata TV 2008)

Sport sponsorship is a tool that enables reaching both superior cross-company marketing objectives and the specific communication objectives of sport sponsorship itself (Bruhn 2010). Economic marketing objectives, such as revenue and profit, can be quickly achieved, for example, by promotional activities with testimonials at the point of sale (Bassenge 2000). Psychographic marketing objectives, such as customer retention and satisfaction, can be achieved, for example, by hospitality activities for clients at sponsored sports events in a guest tent (Bruhn 2010). Apart from superior marketing objectives, sports sponsorship can also be used to achieve specific communication and sponsorship objectives. Walliser (2003) gives a good overview of potential objectives that can be reached through sport sponsorships and states that enhancing brand image and increasing brand awareness are traditionally the most important. Nevertheless, sponsor objectives vary strongly and depend on many specific factors, such as sponsor industry and company size (Walliser 2003). In addition to brand awareness and brand image, the author mentions objectives such as customer satisfaction, employee motivation, performance demonstration, goodwill, and social reasons, as well as avoiding the ban on advertising for specific industries such as cigarettes and alcohol. Woisetschläger (2006) proposes four subcategories that group these and other sponsoring objectives: internal, business relations based, sociopolitical, and consumer based.

Woisetschläger et al. (2013) show in a business-to-business study that brand-related, consumer-based objectives are the most important sponsorship objectives overall (see Figure 2-4).

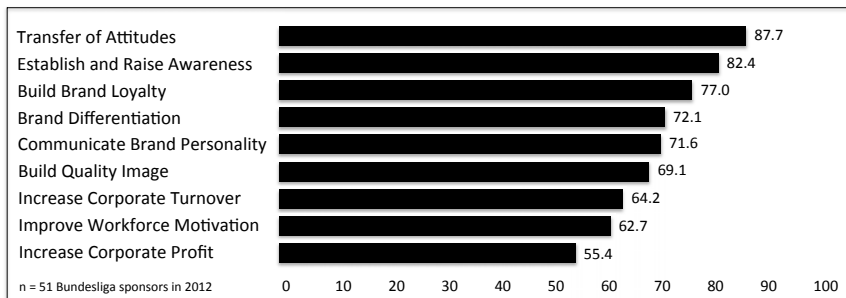


Fig. 2-4: Sport sponsorship objectives

Source: Author's own illustration, based on Woisetschläger et al. (2013).

If the sport sponsorship objectives are set, one has to decide by the five above-mentioned dimensions (i.e. intensity, frequency, scope, performance level, and organizational unit) how these can be achieved. Cornwell et al. (2005) present three different outcomes of sponsorship that can be examined by their level of target achievement: cognitive outcomes, affective outcomes, and behavioural outcomes. Walliser (2003) follows a similar trichotomy of sponsorship effectiveness by analysing that most of the former research on sponsorship effectiveness was addressed to measure awareness, image, and purchase intention (for an overview see Figure 2-5).

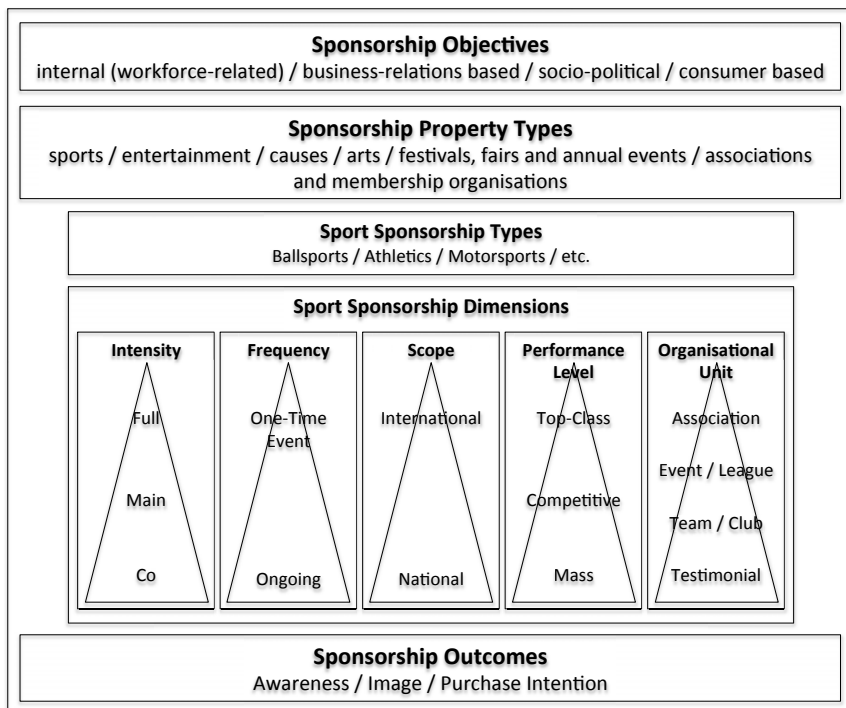


Fig. 2-5: Sport sponsorship overview

Source: Author's own illustration.

2.3 Brand Consciousness and Brand Objectives within Sport Sponsorship

Kotler (1991, p. 442) define brand as a 'name, term, sign, symbol, or design, or combination of them which is intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors'. *Brand knowledge*, a term used by Keller (1993, p. 2), is 'what comes to mind when a consumer thinks about a brand – for example, in response to marketing activity for that brand' and is 'defined in terms of two components, brand awareness and brand image'. Keller believes that the long-term success of a brand is 'greatly affected by the knowledge about the brand in memory that has been established by the firm's short-term marketing efforts' (Keller

1993, p. 2). For Keller all short-term marketing activities pay off primarily in both the constructs of brand awareness and brand image, whereas he understands brand awareness as a customer's 'brand recall and recognition performance' and brand image as the 'set of associations linked to the brand that consumers hold in memory' (Keller 1993, p. 2). These brand associations vary in type, favourability, strength, and uniqueness (Keller 1993). Subsequently, brand knowledge pays off better in the more 'traditional outcome measures such as sales' (Keller 1993, p. 2) (see Figure 2-6).

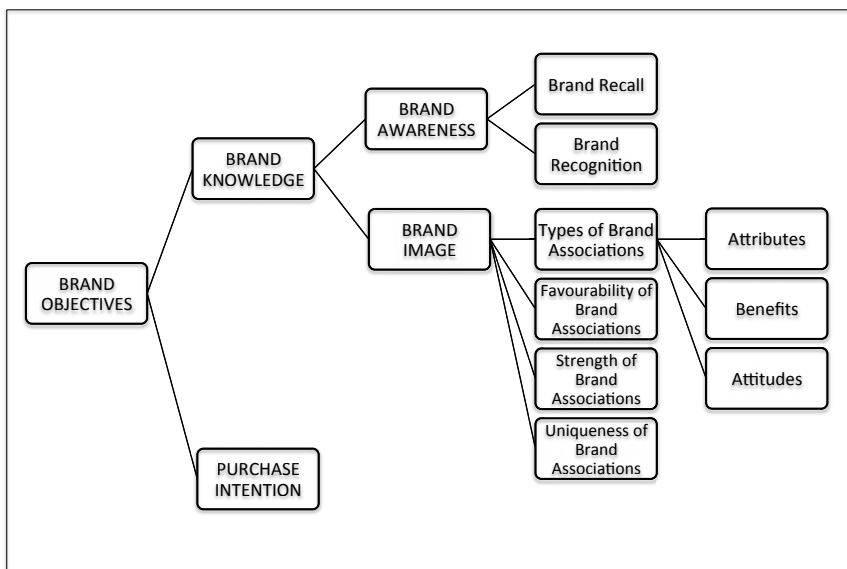


Fig. 2-6: Brand objectives and dimensions

Source: Author's own illustration, based on Keller (1993).

Brand awareness is economically important for three reasons: First, if a consumer is thinking of a product category, all the brands that come to mind describe the consideration set from which the consumer will choose to purchase (Nedungadi 1990). Second, especially in low-involvement situations, consumers base their purchase decisions on brand awareness alone, even in the absence of a well-formed brand attitude (Bettman and Park 1980, Keller 1993). Third, 'brand awareness affects consumer decision making by influencing the

formation and strength of brand associations in the brand image' (Keller 1993, p. 3). As Keller states, brand awareness is differentiated into brand recall and brand recognition. In the sponsorship context, brand recognition tests whether a consumer is able to recognize having seen a specific sponsor, given the brand name as a cue. Brand recall relates to the consumer's ability to retrieve a specific sponsor from memory given only the product category as a cue or by even solely asking for any sponsor that comes to mind (Keller 1993). In the sponsorship context, Rajaretnam (1994), Lardinoit and Quester (2001), Pruitt et al. (2004), and Michaelis et al. (2009), among others, have analysed the recall or recognition of sponsors (see also the literature review in Table 3-1). Milka, for example, is nowadays the most well-known winter sport sponsor in Germany. This is due to the fact that it started its engagement already in 1995, placing giant purple Milka cows on various ski slopes, and its consistent and extended use of purple in combination with the brand logo over the last two decades. This allowed Mondalez, Milka's parent company, to use just purple helmets, even without the Milka logo, to communicate the brand without an official sponsorship during the Olympic Winter Games 2014 in Sochi (Merx 2013).

Brand image is defined by Keller (1993, p. 3) as 'perceptions about a brand as reflected by the brand associations held in consumer memory'. These constitutive 'brand associations are the informational notes linked to the brand node in memory and contain the meaning of the brand for consumers' (Keller 1993, p. 3, see also Anderson 1983). The author identifies, among other dimensions (i.e. favourability, strength, and uniqueness of associations), three major categories (i.e. types of associations) for subsuming the amount of information summarized in these brand associations: by order of increasing scope, attributes, benefits, and attitudes. Attitudes, in this sense, are the consumers' overall evaluation of a brand (Wilkie 1990) and are important because they often determine consumer behaviour (Keller 1993). They can be formed by less thoughtful decision making – for example, on the basis of simple heuristics and decision rules (Chaiken 1987) – and guide brand choice after spontaneous activation upon exposure. These characteristics make brand attitudes important in the sponsorship context, where brand image can mainly only be formed on the basis of pure exposure to a brand (e.g. on perimeter boards).

Especially in high-involvement situations, brand image is important, because it determines consumers' differential responses to a brand. Red Bull, for example, has sponsored many extreme sport athletes and events during the last years, forming a distinct and unique brand image.² Nowadays Red Bull is trying to reach a broader audience by sponsoring football clubs worldwide (Mersch 2013).

Making a consumer purchase a product is the ultimate goal of all brand-related objectives. As previously seen, brand awareness and specifically the recognition of a brand at the point of sale are constituent features of a purchase. It is essential for a brand to be part of a consumer's consideration set to at least be considered for a purchase. Brand image or, more specifically, attitude towards a brand might subsequently be able to transfer a brand from a consumer's consideration set to the next steps, the first choice and ultimately the purchase (Lavidge and Steiner 1961, Nedungadi 1990, Keller 1993, Cornwell et al. 2005, Wakefield and Bennett 2010). Hence, sponsorships affect purchase mainly indirectly via brand awareness and brand image. Only in the case of a highly function-based sponsorship fit, where the sponsor product is actually used within the sponsored environment (e.g. Adidas becoming the jersey sponsor of a football team), can the effect of sponsorship on purchase be direct, since fans can only buy the new team jersey from that sponsor (i.e. Adidas). In the sponsorship context, Madrigal (2000, 2001) considers the influence of sponsorship on purchase intention by investigating attendees' likelihood of buying a hypothetical sponsor's products at a football match. The results show that purchase intention depends, among other things, on the respondent's identification with the sponsored team; however, only the intention to purchase a sponsor product could be measured and not the purchase itself.

² They reached a peak with their sponsorship of Felix Baumgartner, who performed a successful jump from space, about 39 kilometres above Earth, in 2012.

Figure 2-7 shows the three main consumer-based sponsorship outcomes.

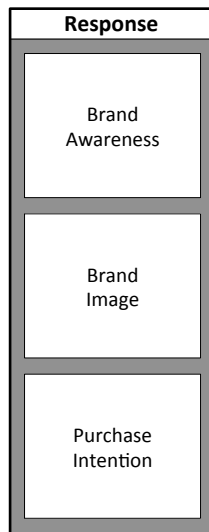


Fig. 2-7: Sponsorship outcomes

Source: Author's own illustration, based on Keller (1993) and Cornwell et al. (2005).

The next section reviews the literature on sponsorship effectiveness and introduces the most common theories to predict sponsorship outcomes.

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