Sponsorship is a commercial activity whereby one party permits another an opportunity to exploit an association with a target audience in return for funds, services or resources. Organisations are using sponsorship activities in a variety of ways to generate awareness, brand associations and to cut through the clutter of commercial messages.

**Aims and learning objectives**

The aim of this chapter is to introduce and examine sponsorship as an increasingly significant form of marketing communications.

The learning objectives of this chapter are to:

1. explain how sponsorship activities have developed and provide an insight into the main characteristics of this form of communication;
2. consider reasons for the use of sponsorship and the types of objectives that might be set;
3. understand how sponsorship might work;
4. explain some of the conceptual and theoretical aspects of sponsorship;
5. appreciate the variety and different forms of sponsorship activities;
6. understand the reasons why sponsorship has become an important part of the communication mix.

For an applied interpretation see Katy Lahiffe and Tony Garry’s MiniCase entitled **Sponsorship and the British Superbike (BSB) Championship: a sport in transition?** at the end of this chapter.
PART 4  THE TOOLS OF MARKETING COMMUNICATIONS

Introduction

There is a commonly held expectation that organisations should contribute to their local communities with a view to being seen as participative, caring and involved with local affairs. One of the drawbacks of this tie-up is that the degree of control that can be levied is limited once a commitment has been made. By adopting a more commercial perspective, some organisations have used sponsorship, particularly of sports activities, as a means of reaching wider target audiences. Sponsorship can provide the following opportunities for the sponsoring organisation:

1. Exposure to particular audiences that each event attracts in order to convey simple awareness-based brand messages.
2. To suggest to the target audiences that there is an association between the sponsored and the sponsor and that by implication this association may be of interest and/or value.
3. To allow members of the target audiences to perceive the sponsor indirectly through a third party and so diffuse any negative effects associated with traditional mass media and direct persuasion.
4. Sponsorship provides sponsors with the opportunity to blend a variety of tools in the communication mix and use resources more efficiently and arguably more effectively.

From this it is possible to define sponsorship as a commercial activity, whereby one party permits another an opportunity to exploit an association with a target audience in return for funds, services or resources.

It is necessary to clarify the distinction between sponsorship and charitable donations. The latter are intended to change attitudes and project a caring identity, with the main returns from the exercise being directed to society or the beneficiaries. The beneficiaries have almost total control over the way in which funds are used. When funds are channelled through sponsorship the recipient has to attend to the needs of the sponsor by allowing it access to the commercial associations that are to be exploited, partly because they have a legal arrangement, but also to ensure that the exchange becomes relational and longer-term; in other words, there is repeat purchase (investment) activity. The other major difference is that the benefits of the exchange are intended to accrue to the participants, not society at large.

Normally sponsorship involves two parties, the sponsor and the sponsee, although many sponsors may be assigned to a single sponsee. The degree of fit between these two parties partly determines the relative effectiveness of the relationship (Poon and Prendergast, 2006). The degree of fit, or product relevance as proposed by McDonald (1991) cited by Poon and Prendergast, can be considered in terms of two main dimensions. Function-based similarity occurs when the product is used in the event being sponsored. For example, the piano manufacturer Bösendorfer, sponsoring a Viennese’ piano recital. The second dimension concerns image-based similarities, which reflects the image of the sponsor in the event. Here Airbus’s sponsorship of a major technical or even artistic exhibition serves to bestow prestige on all parties. Poon and Prendergast discuss the literature on these topics and suggest that rather than treat these as mutually exclusive elements, there can be four interconnected dimensions. Figure 20.1 serves to illustrate their intentions.
The growth and development of sponsorship

Many researchers and authors agree that the use of sponsorship by organisations is increasing (Sneath et al., 2005; Harvey et al., 2006; Lacey et al., 2007; Wakefield et al., 2007) and that it is becoming a more significant part of the marketing communications mix. The development of sponsorship as a communication tool has been spectacular since the early 1990s. This is because of a variety of factors, but among the most important are the government’s policies on tobacco and alcohol, the escalating costs of advertising media during the 1990s, the proven ability of sponsorship, new opportunities due to increased leisure activity, greater media coverage of sponsored events and the recognition of the inefficiencies associated with the traditional media (Meenaghan, 1991). In addition to this list of drivers can be added regulations and technology. The Independent Television Commission, which is now subsumed with Ofcom, acted to restrict the nature and form of programme (or broadcast) sponsorship. However, a relaxation in the regulations has allowed for the development of this type of sponsorship.

The reference to technology concerns digital video recorders, such as TiVo and PVRs that allow users to skip over advertising breaks (and eventually block them out altogether). Should these machines achieve strong consumer penetration then the sponsorship credits could become more important than advertising in achieving brand presence (see Table 20.1).

<table>
<thead>
<tr>
<th>Table 20.1</th>
<th>Growth and development of sponsorship</th>
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<tbody>
<tr>
<td>Increased media coverage of events</td>
<td></td>
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<td>Relaxation of government and industry regulations</td>
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<td>Increased incidence of sponsorship event supply (and demand)</td>
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<td>Relationship orientation and association between sponsorship participants</td>
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<td>Positive attitude change toward sponsorship by senior management</td>
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<tr>
<td>Awareness and drive towards integrated marketing communications</td>
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<tr>
<td>Increasing rate of other media costs</td>
<td></td>
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<tr>
<td>Need to develop softer brand associations and to reach niche audiences</td>
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</table>
Many watch manufacturers have developed associations with particular sports personalities or sporting events. The main goals of these sponsorships have been to develop brand awareness, associations and favourable values. The following examples are just some of the associations that have been developed between particular events and watch manufacturers (Balfour, 2000):

**Motor racing:** The TAGHeuer brand has long been associated with precision technology and Grand Prix motor racing. Certina sponsors the BMW Sauber Formula 1 team. Chopard makes the Mille Liglia chronograph at the time of the road race and presents one to all competitors. Seiko sponsors Honda F1 and Jenson Button.

**Water sports:** Omega promotes its Seamaster in association with the America’s Cup.

**Polo:** Cartier sponsors many prestige polo events.

**Equestrian:** Rolex sponsors the International Equestrian Federation (FEI) properties and the Rolex Rankings.

**Golf:** Alfred Dunhill sponsors the annual Alfred Dunhill Golf Championship at St Andrews.

**Football:** Tissot sponsors Michael Owen, the Newcastle and England footballer.

**Cricket:** Citizen sponsor Kevin Pietersen, the Hampshire and England cricketer.

**Aviation:** Breitling has developed an association with aviation.

**Question**
If timing and sporting achievement are the key associations for watch houses, what might be important for fashion designers?

**Task**
Find a watch house that associates itself with the Olympic Games.

Exhibit 20.1 Lewis Hamilton, Formula 1 World Champion 2008, used to endorse the TagHeuer watch brand.
Image courtesy of The Advertising Archives.
Sponsorship, a part of public relations, should be used as part of an integrated approach to an organisation’s communications. In other words, sponsorship provides a further tool that, to be used effectively, needs to be harnessed strategically. For example, many companies and brands originating in south-east Asia and the Pacific regions have used sponsorship as a means of overseas market entry in order to develop name or brand awareness (e.g. Panasonic, JVC and Daihatsu).

In addition, many sponsorship arrangements have survived recessionary periods. This may be because of the two- to three-year period that each sponsorship contract covers and the difficulty and costs associated with terminating such agreements. It may also be because of the impact that sponsorship might have on the core customers who continue to buy the brand during economic downturns. Easier targeting through sponsorship can also assist the reinforcement of brand messages. Readers are reminded of the weak theory of advertising (Chapter 16), and it may be that sponsorship is a means of defending a market and providing additional triggers to stimulate brand recall/recognition.

### Sponsorship objectives

There are both primary and secondary objectives associated with using sponsorship. The primary reasons are to build awareness, developing customer loyalty and improving the perception (image) held of the brand or organisation. Secondary reasons are more contentious, but generally they can be seen to be to attract new users, to support dealers and other intermediaries and to act as a form of staff motivation and morale building (Reed, 1994).

Sponsorship is normally regarded as a communications tool used to reach external stakeholders. However, if chosen appropriately sponsorship can also be used effectively to reach internal audiences. Care is required because different audiences transfer diverse values (Grimes and Meenaghan, 1998). According to Harverson (1998), one of the main reasons IT companies sponsor sports events is that this form of involvement provides opportunities to 'showcase' their products and technologies, in context. Through application in an appropriate working environment, the efficacy of a sponsor’s products can be demonstrated. The relationship between sports organisers and IT companies becomes reciprocal as the organisers of sports events need technology in order for the events to run. Corporate hospitality opportunities are often taken in addition to the brand exposure that the media coverage provides. EDS claims that it uses sponsorship to reach two main audiences, customers and potential future employees. The message it uses is that the EDS involvement in sport is sexy and exciting.

A further interesting point arises from a view of a company sponsor through time. Meenaghan (1998) suggests that, at first, the sponsor acts as a donor, through the pure exchange of money in order to reach an audience. The next stage sees the sponsor acting as an investor, where, although large sums of money may well be involved, the sponsor is now actively involved and is looking for a return on the investment made. The third stage is reached when the sponsor assumes the role of an impresario. Now the sponsor is vigorously involved and seeks to control activities so that they reflect corporate/brand values and thus assist the positioning process.

A further important characteristic concerns the impact of repeat attendance on brand image. Work by Lacey et al. (2007) found that a car manufacturer’s image improved modestly by sponsoring a sporting event. However, through repeat attendance positive opinion scores
towards the sponsor improved. The obvious implication for marketing is that it is important to attract attendees back to sporting events.

Ellen MacArthur’s second place in the Vendée Globe solo round-the-world yacht race that ended in February 2001 resulted in considerable media exposure for her main sponsor, the Kingfisher Group, after whom her boat was named. The Group’s purchases, at the time, of several French companies (France being a country enthusiastic about sailing) meant that the heroism and media interest in MacArthur’s achievement was extremely high.

Kingfisher’s investment was easily recouped if the strong positive media coverage was correctly valued at about £50 million media equivalents. However, as Hill (2001) reports, the overall success of the sponsorship lay in the supporting promotional campaign.

This success was followed up in 2005 when Ellen MacArthur smashed the world record for the solo navigation of the planet in a boat sponsored by B&Q. The 75-foot record-breaking trimaran B&Q lapped the planet in a record time of 71 days, 14 hours, 18 minutes and 33 seconds finishing on 7 February 2005.

**Question**

What attributes might Kingfisher have observed in MacArthur that led them to sponsor her?

**Task**

Discover three activities that other retailers sponsor.
Following on from this is the issue about whether sponsorship is being used to support a product or the organisation. Corporate sponsorships, according to Thwaites (1994), are intended to focus on developing community involvement, public awareness, image, goodwill and staff relations. Product- or brand-based sponsorship activity is aimed at developing media coverage, sales leads, sales/market share, target market awareness and guest hospitality. What is important is that sponsorship is not a tool that can be effective in a stand-alone capacity. The full potential of this tool is only realised when it is integrated with some (or all) of the other tools of the communication mix. As Tripodi (2001) comments, the implementation of integrated marketing communications is further encouraged and supported when sponsorship is an integral part of the mix in order to maximise the full impact of this communication tool.

How sponsorship might work

Interpretations about how sponsorship might work are varied, and research limited. However, assuming a cognitive orientation, sponsorship works through associations that consumers make with a brand (which will be an accumulation of previous advertising and other promotional activities) and the event being supported. In addition, people make a judgement based on the fit between the event and sponsorship such that the greater the degree of compatibility the more readily acceptable the sponsorship will be. Poon and Prendergast (2006) argue that sponsorship outcomes can best be understood in terms of the attitude construct and cite product quality, attitude to the brand and purchase intention as representative of the cognition, affection and conation components.

If a behavioural orientation is used to explain how sponsorship works, then the Sponsorship will be perceived as a reinforcement of previous brand experiences. An event generates rewards by reminding individuals of pleasurable brand experiences. However, this assumes that individuals have previous brand experience and fails to explain adequately how sponsorship works when launching new products.

Generally, sponsorship plays a supporting or secondary role in the communication mix of many organisations and is not an important source of corporate information. This is largely because the communication impact of sponsorship is limited, as sponsorship only reinforces previously held corporate (or product) images (positive or negative) rather than changing them (Javalgi et al., 1994). It is also suggested that the only significant relationship between sponsorship and corporate image occurs where there has been direct experience of the brand. This in turn raises questions about whether sponsorship should be used to influence the image of the product category and its main brands in order to be of any worthwhile effect (Pope and Voges, 1999).

As Dolphin (2003) suggests, the range of activities, events, goals and the variety of ways in which it is used by organisations suggest that it is not entirely clear how sponsorship might best be used to help an organisation achieve its business goals. It is used to shape and assist corporate image, develop name association and awareness, drive product sales, build brands, help with recruitment, defend against hostile competitors and as a means of developing and providing opportunities for corporate hospitality. However, the primary goal for its use will generally reflect the context within which it is used. In situations where transactional exchanges are predominant within the target audience, broad-based sponsorship activities are likely to be preferred. In contexts where the target audience is relatively small or geographically discrete and where relational exchanges are preferred or sought, then relationship development sponsorship activities are more likely to be successful.
Theoretical aspects of sponsorship

The limited amount of theoretical research into sponsorship, suggests that the role of sponsorship within the marketing communications mix has not been clearly understood. Problems associated with goals, tools and measurement methods and approaches have hindered both academics and practitioners. However, two developments have helped resolve some of these dilemmas. First, the development of relationship marketing and an acknowledgement that there are different audiences, each with different relationship needs, has helped understanding about which types of sponsorship should be used with which type of audience. Second, our understanding of the nature and role of integrated marketing communications within relationship marketing has helped focus thinking about the way in which sponsorship might contribute to the overall communication process. Relationship marketing is concerned with the concept of mutual value rather than the mere provision of goods and services (Gummesson, 1996) and is therefore compatible in many ways with the characteristics and range of benefits, both expected and realised, associated with sponsorship (Farrelly et al., 2003). Sponsorship represents a form of collaborative communication, in the sense that two (or more) parties work together in order that one is enabled to reach the other’s audience. Issues regarding the relationship between the parties involved will impact on the success of a sponsorship arrangement and any successive arrangements. As Farrelly et al. quite rightly point out, further work concerning the key drivers of sponsorship and relationship marketing is required as sponsorship matures as an increasingly potent form of marketing communications.
Olkkonen (2001) adopted a similar approach as he considered sponsorship within interactional relationships and ultimately a network approach. The network approach considers the range of relationships that impact on organisations within markets and therefore considers non-buyers and other organisations, indeed all who are indirectly related to the exchange process. This approach moves beyond the simple dyadic process adopted by the interaction interpretation. Some scholars have advanced a broad conceptual model within which to consider interorganisational networks (Hakansson and Snehota, 1995, cited by Olkkonen). These are actors, activities and resources (see Table 20.2).

A relationship consists of activity links based on organisations working together. Some of the activities will use particular resources in different configurations and differing levels of intensity. These activities will impact on other organisations and affect the way they use resources. In addition, organisations try to develop their attractiveness to other organisations in order to access other resources and networks. This is referred to as network identity and is a base for determining an organisation’s value as a network partner. Sponsorship, therefore, can be seen as a function of an organisation’s value to others in a network. The sponsored and the sponsor are key actors in sponsorship networks but agencies, event organisers, media networks and consultancies are also players, each of whom will be connected (networked) with the sponsor and sponsored.

Sponsorship has, traditionally, lacked a strong theoretical base, relying on managerial cause-and-effect explanations and loose marketing communications mix interpretations. The network approach may not be the main answer but it does advance our thought, knowledge and research opportunities with respect to this subject.

One concept that has been established in the literature concerns emotional intensity. This concerns the audience’s attention (and associated cognitive orientation) toward the stimulus that is provoking the emotion (Bal et al., 2007). So, if the event becomes dramatic and highly engaging then it is probable that attention will be diverted from the sponsors and any information they might provide (e.g. ads). What this means is that a strongly emotional event (sport, exhibition, programme, film) is likely to reduce the awareness scores associated with the sponsor.

Research by Farrelly et al. (2006), undertaken to better understand how value is perceived by parties to sponsorship agreements, has identified three key marketing competences necessary for the maintenance of successful sponsorship relationships. These are, reciprocal commitment, building capabilities and collaborative capabilities. These are set out in Table 20.3.

### Table 20.2 Basic variables underpinning interorganisational networks

<table>
<thead>
<tr>
<th>Network variable</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actors</td>
<td>These are organisations and individuals who are interconnected; they control the other two variables.</td>
</tr>
<tr>
<td>Activities</td>
<td>Activities are created through the use of resources, and complex activity chains arise with different organisations (actors) contributing in different ways.</td>
</tr>
<tr>
<td>Resources</td>
<td>There are many different types of resource that can be combined in different ways to create new resources. The relationships that organisations develop create resource ties and these ties become shaped and adapted as the relationship develops.</td>
</tr>
</tbody>
</table>

Source: Based on Olkkonen (2001).
Flora had sponsored the London Marathon for 11 years when it unexpectedly announced that it was giving it up in 2007. The tie-up had been regarded as one of the most successful sponsorship relationships, as it had driven high levels of heart health awareness and had enabled the brand to own ‘heart health’.

In addition, the sponsorship had been used to launch new products and as a part of various integrated campaigns run by the brand’s parent, Unilever. Charles (2007) suggested that the relationship had reached the stage experienced by some other long-standing sponsorship arrangements, where people stopped associating the name with a product. Other commentators speculated that Flora had been outbid by a rival.


**Question**

To what extent can individual sponsorship arrangements, however successful, cease to contribute sufficient value?

**Task**

Find another long-lasting sponsorship arrangement and find out the history and how the sponsorship has evolved.

### Table 20.3  Sponsorship relationship capabilities

<table>
<thead>
<tr>
<th>Competence</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reciprocal commitment</td>
<td>This is demonstrated by the reaction that one party makes to any additional investment in the sponsorship by the other. Sponsors expect the sponsee to reciprocate the investments (e.g. advertising) that the sponsor makes in the relationship. The greater the reciprocity, the greater the commitment.</td>
</tr>
<tr>
<td>Building capabilities</td>
<td>Sponsorship is increasingly perceived to be of value in terms of strategic branding rather than mere exposure. To what extent, therefore, do the parties link their sponsorship to broader marketing objectives?</td>
</tr>
<tr>
<td>Collaborative capabilities</td>
<td>This concerns the extent to which the sponsee is proactive within the relationship and sets out the ways in which the relationship and the sponsor’s brand will be developed in the future. In effect this is about collaboration.</td>
</tr>
</tbody>
</table>

Source: Famelly et al. (2006).

**Types of sponsorship**

It is possible to identify particular areas within which sponsorship has been used. These areas are sports, programme/broadcast, the arts and others that encompass activities such as wildlife/conservation and education. Of all of these, sport has attracted most attention and sponsorship money.
Sports sponsorship

Sports activities have been very attractive to sponsors, partly because of the high media coverage they attract. Sport is the leading type of sponsorship, mainly for the following reasons:

Sport has the propensity to attract large audiences, not only at each event but more importantly through the media that attach themselves to these activities.

Sport provides a simplistic measure of segmentation, so that as audiences fragment generally, sport provides an opportunity to identify and reach often large numbers of people who share particular characteristics.

Visibility opportunities for the sponsor are high in a number of sporting events because of the duration of each event (e.g. the Olympics or the FIFA World Cup).

Barclaycard’s sponsorship of the football Premier League and Coca-Cola’s sponsorship of the football championship have been motivated partly by the attraction of large and specific target audiences with whom a degree of fit is considered to exist. The constant media attention enables the sponsors’ names to be disseminated to distant audiences, many of them overseas. Marshall and Cook (1992) found that event sponsorship (e.g. the Olympics or the Ideal Home Exhibition) is the most popular form of sponsorship activity undertaken by organisations. This was followed by team, league and individual support.

Vodafone sponsored Manchester United in order to boost global awareness. Then the company bought Mannesman and found it then sponsored Benfica, Porto, Olympiakos and teams in La Liga in Spain and the Bundesliga in Germany. Rationalisation was necessary and wanting to maintain an association with football, it then became a Champions League sponsor (Murphy, 2007).

Golf has attracted a great deal of sponsorship money, mainly because it has a global upmarket appeal and generates good television and press coverage. Golf clubs are also well suited for corporate entertainment and offer the chance of playing as well as watching. Volvo sponsored the European Golf Championship for the period 1996–2000 for £20 million. Johnny Walker continues to sponsor major golfing championships. Toyota used to support the World Matchplay Championship at Wentworth each year because the tournament fitted into a much wider promotion programme. Toyota dealers sponsored competitions at their local courses, with qualifiers going through to a final at Wentworth. The winner of that played in the pro-am before the World Matchplay. Toyota incorporated the tournament into a range of incentive and promotional programmes and flew in top distributors and fleet customers from around the world. In addition, the environment was used to build customer relationships. This championship is now supported by HSBC.

ViewPoint 20.5 World Cup Rugby says Cheers

The Rugby World Cup finals held in Australia in 2003 and France in 2007 attracted a number of different sponsors, each termed official worldwide partners. Heineken was the official beer and one of its goals was to add to the experience of the event for rugby fans and beer drinkers all over the world, regardless of whether they are at the game, at home or at their local bar or pub.

In 2007, Heineken used a global advertising campaign prior to the event in order to draw attention to the event and the sponsorship. The ad featured rugby fans pushing continents across the globe in the form
Programme sponsorship

Television programme sponsorship began to receive serious attention in Britain in the late 1990s. The market has grown, as reflected in TV sponsorship revenues, from £81.2 million in 2000 to £176 million in 2006. This growth has occurred partly because of a relaxation in the regulations. For example, the visibility that each sponsor is allowed was strictly controlled to certain times, and before, during the break and after each programme with the credits. This was changed so that while sponsors are not allowed to influence the content or scheduling of a programme so as to affect the editorial independence and responsibility of the broadcaster, it is now permissible to allow the sponsor’s product to be seen along with the sponsor’s name in bumper credits and to allow greater flexibility in terms of the use of straplines. There is a requirement on the broadcaster to ensure that the sponsored credit is depicted in such a way that it cannot be mistaken as a spot advertisement. So, Hedburg (2000) gives the example of Nescafé sponsoring Friends showing a group of people sitting on a sofa and drinking coffee and of Coronation Street and former sponsor Cadbury’s, which presented a whole chocolate street and set of chocolate characters.

Masthead programming, where the publisher of a magazine such as Amateur Photographer sponsors a programme in a related area, such as Photography for Beginners, is generally not permitted, although the regulations surrounding this type of activity are being relaxed. There are a number of reasons why programme sponsorship is appealing. First, it allows clients to avoid the clutter associated with spot advertising. In that sense it creates a space, or mini-world, in which the sponsor can create awareness and provide brand identity cues unhindered by other brands. Second, it represents a cost-effective medium when compared with spot advertising. Although the cost of programme sponsorship has increased as the value of this type of communication has appreciated, it does not command the high rates required for spot advertising. Third, the use of credits around a programme offers opportunities for the target audience to make associations between the sponsor and the programme.

Research by the Bloxam Group suggests that for a sponsorship to work there needs to be a linkage between the product and the programme. Links that are spurious, illogical or inappropriate are very often rejected by viewers. For example, a branded soft drink might work well...
with a youth-oriented programme, but a financial services brand supporting a sports programme or film series would not have a strong or logical linkage.

The same research suggests that viewers claim to own their favourite programmes. Therefore, sponsors should acknowledge this relationship and act accordingly, perhaps as a respectful guest, and not intrude too heavily on the programme. The line between product placement, brand entertainment and programme sponsorship becomes increasingly blurred. They should certainly resist any active participation in the programme unless using branded entertainment (Hudson and Hudson, 2006).

Programme sponsorship should not be seen as a replacement for advertising. The argument that sponsorship is not a part of advertising is clearly demonstrated by the point that many sponsors continue with their spot advertising when running major sponsorships.

Cadbury’s sponsorship of the premier UK soap opera, Coronation Street, which ceased in 2006, is reported to have cost £10 million each year, when all the additional promotional activities and requirements are considered. The linkage established between the two parties (Cadbury’s and Coronation Street) exemplifies the view about the relationship and the linkages. Research indicates that those aware of the sponsorship regarded the chocolate and the company more positively than those unaware of the linkage. When Cadbury’s won the sponsorship they were awarded higher marks for being up to date and a supporter of the local community (Smith, 1997).
Arts sponsorship was very successful in the 1980s and 1990s, as responsibility for funding the arts in Britain has shifted from the government to the private sector and business in particular. Growth has slowed down partly because of the increasing need to justify such investments, partly because of the increasing opportunities to reach target audiences in other ways and also because it is difficult to engage in these very visible activities when profits are declining and company restructuring activities are of greater concern to those being made redundant or being displaced.

Arts sponsorship, according to Thorncroft (1996), began as a philanthropic exercise, with business giving something back to the community. It was a means of developing corporate image and was used extensively by tobacco companies as they attempted to reach their customer base. It then began to be appreciated for its corporate hospitality opportunities: a cheaper, more civilised alternative to sports sponsorship, and one that appealed more to women.

Many organisations sponsor the arts as a means of enhancing their corporate status and as a means of clarifying their name. Another important reason organisations use sponsorship is to establish and maintain favourable contact with key business people, often at board level, together with other significant public figures. Through related corporate hospitality, companies can reach substantial numbers of their targeted key people.

NTL used the benefits of sponsorship to enhance the corporate body, to increase awareness of the company and to change part of the corporate image. Others use sponsorship to influence...
image and awareness factors at the brand level, such as 7-Up, Foster’s and Budweiser (Meenaghan, 1998).

Most recently, sponsorship has been used to reach specific groups of consumers. Orange sponsors a range of music-related events, one of them being the Glastonbury Festival. One of the key facilities is the ‘chill n’charge’ tent. This is a bright orange-coloured tent in which people can use the phone-charging equipment or the Internet facilities to pick up their email and over 50,000 people used the tent at the 2007 festival. Orange see their sponsorship of the festival as a way to develop their brand and purchase consideration, but not as a means of directly acquiring customers (Bartlett, 2007).

The sponsorship of the arts has moved from being a means of supporting the community to a sophisticated means of targeting and positioning brands. Sponsorship, once part of corporate public relations, has developed skills that can assist marketing public relations.

These three main forms of sponsorship, sports, arts and programme, are not mutually exclusive and use of one does not necessarily prevent use of either of the others. Before NTL was merged into the Virgin Media dynasty, it sponsored four major English and Scottish football teams in order to drive brand awareness, and particularly in areas where it hoped to develop cable services. NTL also used programme sponsorship supporting *Who Wants to Be a Millionaire?* in an attempt to develop brand values. In addition to these two major sponsorships, NTL also supported the MacMillan Cancer Relief fund, perhaps to present a more caring or balanced identity for its various audiences. However, because of targeting issues,
many organisations find it more efficient to use one major form of sponsorship, supported by a range of secondary sponsorship activities.

**Other forms of sponsorship**

It has been argued that there is little opportunity to control messages delivered through sponsorship, and far less opportunity to encourage the target audiences to enter into a dialogue with sponsors. However, the awareness and image opportunities can be used by supporting either the local community or small-scale schemes. Whitbread has been involved in supporting school programmes, environmental developments and other locally oriented activities because that is where its customers are based. Volkswagen wanted to be associated with the motoring environment rather than just the motorist. To help achieve this goal it sponsored the jackets worn by road-crossing wardens (lollipop people) so that the local authority was free to use the money once spent on uniforms on other aspects of road safety (Walker, 1995).

Samsung Electronics use sponsorship to link up with a variety of activities. From being the shirt sponsor for Chelsea FC, and an official sponsor for the Olympic Games to the sponsor of the Crufts dog show (Murphy, 2007). However, they do feel that the greater the number of sponsors tied to an event the less opportunity there is to leverage the linkage. The one exception to this rule is the Olympics. This event involves all nations and Samsung is everywhere.

The majority of sponsorships, regardless of type, are not the sole promotional activity undertaken by the sponsors. They may be secondary and used to support above-the-line work or they may be used as the primary form of communication but supported by a range of off-screen activities, such as sales promotions and (in particular) competitions.

This section would not be complete without mention of the phenomenon called ‘ambush marketing’. This occurs when an organisation deliberately seeks an association with a particular event but does so without paying sponsorship fees. Such hijacking is undertaken with the purpose of influencing the audience to the extent that they believe the ambusher is legitimate. According to Meenaghan (1998), this can be achieved by overstating the organisation’s involvement in the event, perhaps through major communication activity using theme-based advertising or by sponsoring the media coverage of the event.

**The role of sponsorship in the communication mix**

Whether sponsorship is a part of advertising, sales promotion or public relations has long been a source of debate. It is perhaps more natural and comfortable to align sponsorship with advertising. Since awareness is regarded as the principal objective of using sponsorship, advertising is a more complementary and accommodating part of the mix. Sales promotion from the sponsor’s position is harder to justify, although from the perspective of the sponsored the value-added characteristic is interesting. The more traditional home for sponsorship is public relations (Witcher et al., 1991). The sponsored, such as a football team, a racing car manufacturer or a theatre group, may be adjudged to perform the role of opinion former. Indirectly, therefore, messages are conveyed to the target audience with the support of significant participants who endorse and support the sponsor. This is akin to public relations activities.

Hastings (1984) contests that advertising messages can be manipulated and adapted to changing circumstances much more easily than those associated with sponsorship. He suggests
that the audience characteristics of both advertising and sponsorship are very different. For advertising there are viewers and non-viewers. For sponsorship there are three groups of people that can be identified. First, there are those who are directly involved with the sponsor or the event, the active participants. The second is a much larger group, consisting of those who attend sponsored events, and these are referred to as personal spectators. The third group is normally the largest, comprising all those who are involved with the event through various media channels; these are regarded as media followers.

As if to demonstrate the potential sizes of these groups, estimates suggest that in excess of 4 million people attend the Formula 1 Grand Prix championship races (active participants) and over half a billion people (media followers) watch the races on television.

Exploratory research undertaken by Hoek et al. (1997) suggests that sponsorship is better able to generate awareness and a wider set of product-related attributes than advertising when dealing with non-users of a product, rather than users. There appears to be no discernible difference between the impact that these two promotional tools have with users.

The authors claim that sponsorship and advertising can be considered to work in approximately the same way if the ATR (attention, trial, reinforcement) model developed by Ehrenberg (1974) is adopted (Chapter 16). Through the ATR model, purchase behaviour and beliefs are considered to be reinforced by advertising rather than new behaviour patterns being established. Advertising fulfils a means by which buyers can meaningfully defend their purchase patterns. Hoek et al. regard this approach as reasonably analogous to sponsorship. Sponsorship can create awareness and is more likely to confirm past behaviour than prompt new purchase behaviour. The implication, they conclude, is that, while awareness levels can be improved with sponsorship, other communication tools are required to impact upon product experimentation or purchase intentions.

It was suggested earlier in this chapter that one of the opportunities that sponsorship offers is the ability to suggest that there is an association between the sponsored and the sponsor which may be of value to the message recipient. This implies that there is an indirect form of influence through sponsorship. This is supported by Crimmins and Horn (1996), who argue that the persuasive impact of sponsorship is determined in terms of the strength of links that are generated between the brand and the event that is sponsored.

These authors claim that sponsorship can have a persuasive impact and that the degree of impact that a sponsorship might bring is as follows:

\[
\text{persuasive impact} = \text{strength of link} \times \text{duration of the link} \times \left\{ \text{gratitude felt due to the link} + \text{perceptual change due to the link} \right\}
\]

The strength of the link between the brand and the event is an outcome of the degree to which advertising is used to communicate the sponsorship itself. Sponsors that failed to invest in advertising during the Olympic Games have been shown to be far less successful in building a link with the event than those who chose to invest.

The duration of the link is also important. Research based on the Olympic Games shows that those sponsors who undertook integrated marketing communications long before the event itself were far more successful than those who had not. The use of mass media advertising to communicate the involvement of the sponsor, the use of event graphics and logos on packaging, and the creative use of promotional tie-ins and in-store, event-related merchandising facilitated the long-term linkage with the sponsorship and added value to the campaign.

Gratitude exists if consumers realise that there is a link between a brand and an event. For example, 60 per cent of US adults said that they ‘try to buy a company’s product if they support the Olympics’. They also stated that ‘I feel I am contributing to the Olympics by buying the brands of Olympic sponsors’.
Perceptual change occurs as a result of consumers being able to understand the relationship (meaning) between a brand and an event. The sponsor needs to make this clear, as passive consumers may need the links laid out before them. The link between a swimwear brand and the Olympics may be obvious, but it is not always the case. Crimmins and Horn (1996) describe how Visa’s 15 per cent perceived superiority advantage over MasterCard was stretched to 30 per cent during the 1992 Olympics and then settled at 20 per cent ahead one month after the Games had finished. The perceptual change was achieved through the messages that informed audiences that Visa was the one card that was accepted for the Olympic Games; American Express and MasterCard were not accepted.

This research, while based only upon a single event, indicates that sponsorship may bring advantages if care is taken to invest in communications long before and during the event to communicate the meaning between the brand and the event, which will leverage gratitude from a grateful audience.

**Summary**

In order to help consolidate your understanding of sponsorship, here are the key points summarised against each of the learning objectives:

1. **Explain how sponsorship activities have developed and provide an insight into the main characteristics of this form of communication.**

Sponsorship permits one party an opportunity to exploit an association with a target audience of another organisation, in return for funds, services or resources. This form of communication has developed partly as a result of the government’s policies on tobacco and alcohol, the escalating costs of advertising media during the 1990s, the proven ability of sponsorship, new opportunities due to increased leisure activity, greater media coverage of sponsored events, recognition of the inefficiencies associated with the traditional media, a relaxation in the regulations and the advances in digital technology.

2. **Consider reasons for the use of sponsorship and the types of objectives that might be set.**

Some organisations use sponsorship, particularly sports activities, as a means of reaching wider target audiences. Sponsorship can provide exposure to particular audiences that each event attracts in order to convey simple, awareness-based brand messages. It can be used to suggest to the target audiences that there is an association between the sponsored and the sponsor and that by implication this association may be of interest and/or value.

3. **Understand how sponsorship might work.**

Sponsorship works through associations that consumers make with a brand (which will be an accumulation of previous advertising and other promotional activities) and the event being supported. In addition, people make a judgement based upon the fit between the event and sponsorship such that the greater the degree of compatibility the more readily acceptable the sponsorship will be.

An alternative view holds that a sponsorship can be perceived as a reinforcement of previous brand experiences. An event generates rewards by reminding individuals of pleasurable brand experiences.
4. **Explain some of the conceptual and theoretical aspects of sponsorship.**

Sponsorship represents a form of collaborative communication, in the sense that two (or more) parties work together in order that one is enabled to reach the other’s audience. Issues regarding the relationship between the parties concerned will impact on the success of a sponsorship arrangement and any successive arrangements.

Sponsorship can be seen as a function of an organisation’s value to others in a network. The sponsored and the sponsor are key actors in sponsorship networks, but agencies, event organisers, media networks and consultancies are also actors, each of whom will be connected (networked) with the sponsor and sponsored.

5. **Appreciate the variety and different forms of sponsorship activities.**

Sponsorship is used in three key areas. These are sports, programme/broadcast, and the arts. There is also growing interest in other activities such as wildlife/conservation and education. Of all of these, sport has attracted most attention and sponsorship money.

6. **Understand the reasons why sponsorship has become an important part of the communication mix.**

Sponsorship has become an important part of the mix as it allows brands to be communicated without the clutter and noise associated with advertising. At the same time sponsorship enables associations and linkages to be made that add value for all the participants to the communication process.

There seems little doubt that the introduction of new products and brands can be assisted by the use of appropriate sponsorships. Indeed, it appears that sponsorship, in certain contexts, can be used to prepare markets for the arrival and penetration of new brands.

It is perhaps more natural and comfortable to align sponsorship with advertising but it has also been associated with sales promotion and public relations. Since awareness is regarded as the principal objective of using sponsorship, advertising is a more complementary and accommodating part of the mix.

**Review questions**

1. What are the main opportunities that sponsorship opens up for organisations?
2. Why has sponsorship become such a major promotional tool in recent years?
3. If the objective of using sponsorship is to build awareness (among other things), then there is little point in using advertising. Discuss this view.
4. Name four types of sponsorship.
5. Why is sport more heavily sponsored than the arts or television programmes?
6. Choose eight sporting events and name the main sponsors. Why do you think they have maintained their associations with the events?
7. Consider five television programmes that are sponsored and evaluate how viewers might perceive the relationship between the programme content and the sponsor.
8. How might sponsorship have a persuasive impact on its target audiences? What is the formula used to measure this impact?
9. Explain the role of sponsorship within the promotional mix.
10. How might sponsorship develop in the future?
Introduction

The historical view of sponsorship was often perceived to be one of a ‘philanthropic gesture’ (Hoek and Gendall, 2003: 1) by the owner of a business to one of their favourite causes. However, many now believe sponsorship has evolved into a mainstream component of the marketing mix to the extent that it is now considered to be a strategic tool that managers leverage to provide sustainable competitive advantage and a resultant financial return. Indeed, sponsorship of sporting events globally has risen exponentially in recent years with worldwide global sponsorship of such events estimated by the International Events Group (IEG) to have grown by 25 per cent from $24.4 billion to $30.5 billion in the three years up to 2005 alone. Motorsports in particular have been successful at attracting corporate sponsorship revenue because of their globally popular appeal.

The British Superbike Championship

The British Superbike (BSB) Championship is the United Kingdom’s leading domestic series. Superbikes are essentially production motorcycles. This means motorcycles are modified to comply with BSB rules specified by the MCRCB (Motorcycle Racing Control Board) and effectively allows participants to produce highly tuned, race-specification machines that resemble on-road models. As a result, the BSB Championship attracts manufacturers from around the world who are keen to use the series to showcase their latest models. Brands such as Honda, Suzuki, Kawasaki, Yamaha, Ducati and Triumph are all officially backing a number of ‘factory teams’.

The roots of BSB Championship sponsorship may be traced back to the 1950s when sponsors would pool their resources to create individual championship events based at particular racing circuits. This would entice riders to participate with large start-money and winning bonuses. However, this resulted in a rather fragmented racing calendar and in 1966 a more formalised and season-long series was established. As the Championship evolved, a multi-classification structure was adopted with a variety of different titles and sponsors. In 1989 Superbike machines ran in the Shell Oil ACU Supercup Series for the first time. From this, the BSB Championship series evolved and while the title has changed several times (the HEAT Super-cup Series (1994–95), the MCN British Superbike Championship (1996–2002), ‘Think! British Superbike Championship’ (2003–04)) the format has essentially remained the same. Today the series is named ‘Bennett’s British Superbike Championship’.

The season is organised by the MCRCB and consists of 12 rounds hosted by a number of venues across the United Kingdom including Brands Hatch, Donington Park and Silverstone Race Circuit. There are five classes: the British Superbike Championship, the British Supersport Championship, the National Superstock 600 Championship, the British 125ccGP and the Yamaha R6 Cup. Points are awarded to the top 15 riders to cross the finishing line with the winning rider being awarded the most points and the 14 subsequent riders receiving less and less points. At the end of each season the points are totalled up to determine the overall champions. In addition, each class complies with international regulations on bike modification, which enables wild-card entries from around the world to compete at particular events.

The changing nature of BSB championship sponsorship

The BSB Championship is an attractive proposition to potential sponsors. Recent years have seen an exponential growth in the popularity of the BSB Championship. Official promoters of the 2007 BSB Championship, Dorna UK Ltd, recorded hefty increases in track-side and televised viewing. The 2007 series attracted event crowds of an estimated 355,000 spectators during the season (almost twice the figure recorded in 1999). Brands Hatch attracted 34,000 visitors and the season averaged over 27,000 at each event (up 11 per cent year-on-year) despite poor weather. An estimated 12.7 million adults watched dedicated BSB programmes on terrestrial and Sky channels. The BSB Championship outperformed all other national motorsport series on television. The reason for this growth in popularity may be attributable to a number of interrelated reasons:

- the increasing popularity of extreme sports in general;
interest in motorcycles as a leisure pursuit particularly among older males;
- motorcycle sales are increasing, benefitting from escalating personal disposable incomes;
- Superbike popularity has also been boosted by the success of a number of British World Champions in recent years.

The BSB Championship also has a number advantages over other sporting events. While motor-sport in general is perceived as being an expensive sponsorship activity, motorcycle racing is less expensive than motorcar racing. To place a competitive Superbike on the British Superbike circuit for one season costs an estimated £750,000. The sport enjoys a significant level of exposure, but is still affordable and relatively low in ‘sponsorship clutter’. In return for funding, sponsors can attain considerable benefits such as team association (e.g. Redbull Honda, Rizla Suzuki, etc.), corporate hospitality venues, full team livery and naming rights. The top teams have carefully coordinated uniforms, race leathers, race bikes and their transporters and pit equipment incorporating unique and striking designs based upon sponsor imagery. For example, Rizla Suzuki, with its distinctive blue and yellow logo, have engendered a strong, fan-based following. Regardless of the riders, thousands of supporters purchase merchandise ranging from comedy blue and yellow wigs to complete race-specification motorcycle replicas. However, the changing environment of the BSB Championship in recent years has meant the nature of the relationship between some sponsors and sponsored teams has changed. As competitive teams are acquiring more exposure for sponsors, they are able to command greater sums of money in selling sponsorship rights. Also, as the sport has witnessed increasing at-track attendance and media coverage there has been a marked increase in the number of potential sponsors. Finally, as a result of the increased popularity of the BSB Championship, the organisational profile of many sponsors has changed from that of a small to medium-sized enterprise, often producing products and services related to motorcycling, to one of the large companies dominated by professional marketers. Sponsors now include global brands such as Red Bull, Virgin and Rizla.

Historically, a proportion of the sponsors had a prior interest in motorcycle racing. Similarly, most racing teams are established by ex-racers and/or enthusiasts. Consequently, there is an emotional attachment and ‘sharing of passion’ for the sport. This often manifests itself in mutual understanding and respect between sponsor and rider. Indeed, such sponsors seek to develop relationships with riders other than those that
they sponsor primarily to reinforce the ‘community of emotion or passion’ found within the sport. However, the motivations of more recent sponsors are primarily commercial and tend to focus on two broad objectives:

- First, ‘exposure-seeking’ whereby sponsorship is essentially perceived as an advertising forum to enhance corporate/brand image among a diverse range of stakeholders; and second,
- An attempt to develop close associations between a brand and/or company and a particular event so as to increase goodwill among opinion formers and leaders.

Related to this, such events as the BSB Championship provide a valuable platform for corporate hospitality. Such hospitality activities are viewed by sponsors as part of the wooing of relevant and influential corporate customers. The goodwill generated by the attendance of a select customer group at such sporting events as the BSB Championship may become a key factor in improving the subsequent interactions between individuals from both the customer and sponsoring firm. Corporate hospitality is not just perceived as maintaining brand reputation and presenting a window on to the sponsor’s corporate values, it attempts to generate a ‘feel good factor’ among corporate customers when they think about the sponsoring organisation.

The expectations of sponsors in terms of the role the sponsored teams are expected to play in the corporate hospitality process vary. Those sponsors who are more commercially driven tend to have differing expectations of what the sponsored teams should deliver, and indeed, in their ability to deliver it. In some situations, the sponsored teams are perceived as lacking the interpersonal skills and/or the motivation required to support the aspirations of sponsors. As one sponsor comments: ‘You ultimately feel taken for granted . . . just money bags . . . I gave and they took . . . and yet the [sponsored] team said they were doing what they were expected to do . . . to ride . . . without tents and trees [corporate hospitality].’ In contrast, sponsors that are largely motivated by non-commercial drivers often do not believe participation in the corporate hospitality process is a priority. As one sponsor states: ‘I don’t think that my loyalty to my riders is different because of their ability to promote themselves. They aren’t asked to promote me, anyway, so marketing isn’t an issue . . . I’d rather they focus on riding.’

Related to this, there appears to be a growing general spectator backlash at the extent and nature of corporate sponsorship within other sporting contexts such as soccer. Particular issues cited include a preoccupation with commercial rather than sporting objectives; the ‘prostitution’ of teams in terms of excessive expectations related to promotional activities and the perception of corporate entertainment ‘squeezing out’ genuine supporters. Sponsors will have to tread carefully if they are to maintain the support of the various stakeholder groups.

Source: Based on ‘The role of commitment and trust in a sponsorship dyad’, Katy Lahiffe (2004), Unpublished Undergraduate Dissertation, De Montfort University (UK).

MiniCase references


MiniCase questions

1. List four sponsorship objectives that may be adopted by a sponsoring organisation within this context and what metrics could be adopted to evaluate whether these are being achieved?

2. Supposing you have just taken over the sponsorship of one of the more successful BSB Championship teams. What steps would you take to ensure a positive and ongoing relationship with the riders? And team (?)

3. Given the increasing spectator backlash against many forms of corporate sports sponsorship, what steps would you suggest a sponsoring organisation should take to avoid becoming the focus of such negative attention?


References


