

CHAPTER 1

INTRODUCTION

“The marketing of sport is unique because sport services are unlike other products purchased by consumers - providers of the sport experience cannot predict the outcome, various events are inconsistent and results are uncertain”
(Parks & Zanger 1990:3).

1.1 Introduction

In this thesis sponsorship decision-making among two selected groups of South African sponsors will be critically analysed. To understand such decision-making a proper theoretical framework has to be outlined. Some practitioners might argue that they make "gut feel"-decisions based on years of practical experience. It is this researcher's view that a "gut feel" might exist but sound marketing management decision-making, in general, and sponsorship decision-making, in particular, is based on a good working knowledge of relevant marketing theories, constructs, contexts and paradigms.

To understand the sponsorship decision-making process from a marketing perspective it is deemed necessary that the following should be explored:

- different views on the traditional marketing mix and the traditional marketing communication mix;
- the possible existence of a sport marketing mix; and
- the place of sponsorship as a marketing communication mix variable to assist in decision-making.

1.2 Definitions and rationale

To examine sport marketing as an application field of the broader marketing scope the following constructs are discussed.

- The marketing mix:
 - The rationale behind the marketing mix; and
 - Criticism against the marketing mix.
- The place of sport marketing in general marketing theory.
- Defining sport marketing.
- Sport sponsorship as an element of sport marketing.
- The place of sport sponsorship in the integrated marketing communication mix.
- The structure of the sport industry; and
- The size and scope of the SA sport market.

Terms such as "companies", "firms", "enterprises", and "organisations" are used by different authors in describing marketing activities. Where direct text references are quoted the original term will be used. In discussion and summary the term "organisation" will be used. Organisation will be regarded as an umbrella term that includes terms such as "companies", "firms" and "enterprises".

1.2.1 The marketing mix

In this thesis it will be initially argued that a well-defined and dedicated sport marketing mix does not yet exist. The fundamental approach would be that the traditional marketing mix still applies to sport with some adaptations, and that sponsorship is an added variable to the marketing communication mix (the P for promotion). Through Chapters 1, 2 and 3 a critical analysis will be made on this question and in Chapter 3 a final conclusion on the existence and viability of a dedicated sport marketing mix will be offered.

The original 4P-model (product, price, place and promotion), originated during the Industrial Revolution but it did not at first receive prominence in marketing (Collier, 1991:42). It was only after the Second World War that the prominence of employing a marketing orientation increased due to the evolution of more scientific marketing thought (Marx and Van der Walt, 1989:17 and Van der Walt, Strydom, Marx, and Jooste, 1996:18).

Although McCarthy is credited as the first person to have coined the “four Ps”, certain sources (Dalrymple & Parsons, 1980:80; Judd, 1987:241-247; Van Waterschoot & Van den Bulte, 1992:83-93) indicate that Neil Borden in the 1940’s was the first person to use the phrase “marketing mix”.

The term "marketing mix" describes, according to Zikmund & D'Amico (2001:9), "the result of management's creative efforts to combine the pricing, promotion, and distribution of ideas, goods, and services". In this thesis it is assumed that managers can apply pricing, promotion and distribution to sport ideas, sport goods and sport services. In Chapter 2 and 3 the application of the marketing mix and the definition of a sport marketing mix will be discussed. In Chapter 4 sport sponsorship will be discussed as a variable in the marketing communication mix.

1.2.1.1 The rationale behind the marketing mix

Kotler & Armstrong (1993:40) argue that the marketing mix is “a set of controllable variables that the firm blends to produce the response it wants in the target market. Brownlie & Saren (1992:34) describe the marketing mix as how the enterprise offers its products and services to its target market. Abratt (1989:95) defines the marketing mix as “a set of variables that must be managed to satisfy the target market and achieve organisational goals”. These controllable elements are therefore “arranged” or integrated to accommodate all the uncontrollable elements in the marketing environment.

It can be concluded that the overall aim or objective of the 4P-model is to allow the organisation to build and to sustain a competitive advantage in the market place (Collier, 1991:42). The 4Ps are generally used in marketing strategy formulation because the model is supposed or perceived to be flexible enough and can be integrated in different combinations to fulfil the above-mentioned objective.

Brownlie & Saren (1992:34) point out that most academics have made use of the following arguments to substantiate the value of the marketing mix:

- a) The marketing mix defines basic benchmarks against which the marketing practice of organisations can be judged.
- b) What organisations achieve as a result of this action can be measured by market share and profitably.
- c) High-performance organisations score highly against such measures and low-performance organisations score poorly against such measures.

The 4Ps therefor aid marketing decision-making by linking objective setting, formulation of strategies and tactics and measuring eventual outcomes or performance. The application of this statement to sport marketing is the basis of this thesis and will link the theoretical discussion in Chapters 1, 2, 3, 4 and 5 to the discussion on the research methodology in Chapters 6, 7 and 8.

1.2.1.1 Criticism against the marketing mix

Certain authors (Liswood 1987:73-77; Van Waterschoot & Van den Bulte 1992:83-93; and Grönroos 1994:4-20) have voiced major criticism against the 4P-model. Although there is no quantitative evidence that the traditional marketing mix is outdated, the problems behind the 4P marketing mix seem to be:

- the difficulties management experience to apply it into practice;
- its seemingly mechanistic approach;
- that text books do not always portray how the 4Ps should be integrated;
- that the 4P-recipe does not readily apply to certain application fields such as sport marketing, services marketing, retail marketing, international marketing, not-for-profit marketing, and business to business marketing; and
- the overemphasis on customer acquisition and the neglect of customer retention through managing customer or stakeholder loyalty and goodwill.

The traditional marketing mix, as portrayed by many marketing texts, places an overemphasis on discussing the marketing of physical products and inadvertently suggests a lack of application to non-product marketing situations such as services marketing and indirect marketing situations such as sport marketing.

The criticism against, and the reasons for, the use of the marketing mix indicate limitations in the sense that organisational success is measured only in a quantitative sense. This will severely question the validity of any new Ps or instruments (for example any effort to establish a different or modified set of Ps for sport marketing) with regard to their quantitative measurement. A conclusion on this will be made in Chapter 3.

1.2.2 The place of sport marketing in general marketing theory

Chapter 2 provides an overview of definitions and views of sport marketing from basic marketing text books; marketing communication or promotion texts books; sport(s) marketing text books; general sport(s) text books; scientific journals; and business periodicals.

Most basic marketing texts such as Pride & Ferrel (1993); Bovée, Houston & Thill (1995); Van der Walt, Strydom, Marx & Jooste (1996); and Kotler and Armstrong (1997) do not mention sport marketing neither do they refer to sponsorship as part of the marketing mix. Some basic marketing texts (Van der Walt & Machado, 1992:12; Dibb, Simkin, Pride & Ferrel, 1994:431; and Wilmshurst, 1995:284) discuss sponsorship as one of the instruments of the promotion mix and only Solomon & Stuart (1997:10) mention sport marketing at all. These views indicate that academic contextualisation of sport marketing, as a marketing application has not yet gained any ground. Marketing scholars are therefore not yet exposed to sport marketing and sponsorship *per se* as an option in marketing decision-making.

1.2.3 Defining sport marketing

Sport marketing as a theoretical construct is inconclusive and many different alternatives are suggested. In Chapter 2 it will be argued that some texts (Brooks, 1994) may create the perception that sport marketing equals sport sponsorship while uncertainty exists whether a unique sport-related marketing mix applies or whether sport marketing is an application from basic marketing such as retail marketing.

Pitts & Stotlar (1996:xvii) state that "academicians have not yet agreed on what sport marketing is". Mullin (in Lewis & Appenzeller, 1985:101) and Shilbury, Quick & Westerbeek (1998:11) mention that the term "sport marketing" was first used in the USA by the publication *Advertising Age* in 1978 (there is some confusion about the date but the text references this researcher found indicate 1979).

The first definition of sport(s) marketing is attributed to Kesler (1979:5-8) and states "that sport marketing describes the activities of consumer and industrial product and service marketers who were increasingly using sport as a promotional vehicle for their products or services through sport sponsorship".

This is a very limiting approach because the following issues are not adequately covered:

- sport marketing is the marketing of different sport codes, teams, events and personalities; and
- sport marketing is the marketing of sport products and services.

An overemphasis on the view that sport marketing is the marketing of an organisation's image or products/services through sport is too narrow but is very prevalent in the approach of certain marketers who deem sport marketing to be equal to sport sponsorship. If this is true it could therefore be predicted that enhancing the corporate or brand/service image would be an important objective in sponsorship decision-making.

Different approaches to defining sport marketing focus on three main themes (Van Heerden, 1998:5):

1. marketing of a company through its association with sport - usually through sport sponsorships;
2. the marketing of sport bodies and codes; and
3. marketing of sport products and services.

The first theme (sponsorship) is covered by the following sport marketing texts consulted by the researcher: Mullin, Hardy & Sutton (1993) and (2000); Stotlar (1993); Brooks (1994); Schaaf (1995); Graham; Goldblatt & Delpy (1995); Pitts & Stotlar (1996); Schlossberg (1996); Shilbury *et al* (1998); Shank (1999) and Pope & Turco (2001).

Discussion on the second theme, namely the marketing of sport bodies and codes, is problematic because hardly any research reports are available on the "how to" of marketing sport bodies and codes. In Chapter 3 a suggested research procedure to determine the marketing orientation of SA sport bodies and codes will be discussed. An understanding of marketing orientation will aid the formulation of marketing strategies for sport codes and bodies.

The third theme - the "how to" of marketing sport products and services - has not yet been clearly defined but it is assumed that such marketing strategies will follow the traditional approach of product (4Ps) and services (7Ps) marketing or a mixture of both. According to Booms & Bitner (1981:48-50) the 7 Ps refer to a modified set of marketing mix instruments that has been expanded to include:

- *participants* (or people) who play a part in service delivery;
- *physical evidence* or the environment in which the organisation and customer interact (i.e. image of the organization, corporate dress and corporate decor; and
- *process* or the actual procedures, systems, processes, policies, mechanisms and flow of activities by which the service is delivered.

An international "Bookfind"-search (see Chapter 2) uncovered only a handful of books with *Sport Marketing* as title. (Mullin, Hardy & Sutton, 1993 & 2000; Blackshaw & Hogg [eds], 1993; Stotlar, 1993; Brooks, 1994; Graham, Goldblatt & Delpy, 1995; Schaaf, 1995; Helitzer, 1996; Pitts & Stotlar, 1996; Schlossberg, 1996, Shilbury, Quick & Westerbeek, 1998; Shank, 1999 and Pope & Turco (2001). The dates indicate that sport marketing and sport sponsorship as an element of sport marketing has only been academically documented from the 1990's.

1.2.4 Sport sponsorship as an element of sport marketing

In this thesis an overview of literature will be done to uncover those factors that affect decision-making in sport sponsorships in particular. Existing views on sponsorship decision-making will be related to South African sport sponsorship management to measure suitable application and relevance. This will lead to a better understanding of how South African sport sponsors make sponsorship decisions.

Some confusion may exist between sport marketing management as a broad concept and sponsorship as a particular variable in the marketing communication mix.

1.2.5 The place of sport sponsorship in the integrated marketing communication mix

Different views exist on the variables to be included in the marketing communication mix, ranging from advertising to sales promotion, personal selling, publicity/public relations, direct marketing and sponsorship. These views will be discussed further in Chapter 2.

More substantial discussions on sponsorships are found in texts on marketing communication and promotion (Coulson-Thomas, 1990:285-287; Wilmshurst, 1993:371; Sirgy, 1998:133; Shimp, 1997:561; Kitchen, 1999:361; and Belch & Belch, 2000:555) than in basic marketing texts. This indicates that sport sponsorship has been accepted as an option in the promotion mix.

There is some disagreement on where exactly it fits in - as a variable on its own or as an option integrated within elements such as sales promotion, corporate public relations, marketing public relations, and/or or publicity. The only marketing text authors who include *sponsorship* as an element of the marketing communication mix are Dibb *et al* (1994:431); Adcock, Bradfield, Halborg & Ross (1995:245, 263); Wilmshurst (1995:284) and Siegel (1996:404, 432). Bennett, Lamm & Fry (1988:513) mention sponsorship as part of sales promotion; Belch & Belch (2001:555) define event sponsorship as a consumer-orientated sales promotion; Cannon (1992:226) mentions sport as a promotion application on television. Lancaster & Massingham (1993:272) mention sponsorship as a PR technique and Hill (1994:279) discusses event sponsorship as a PR activity. Kotler (1994:679) identifies the sponsoring of a sport event as a major marketing public relations (MPR) tool. Zikmund & d'Amico (1996:600) view event sponsorship as a publicity generating and image-building exercise.

Kesler's (1979:5-8) definition that "sport marketing describes the activities of consumer and industrial product and service marketers who were increasingly using sport as a promotional vehicle for their products or services through sport sponsorship" needs further scrutiny to place sport sponsorship as theoretical construct in its proper perspective. It can at this stage be assumed that sport sponsorship:

- is an element of an overall integrative marketing strategy and is not only an exclusive domain of a sport marketing strategy;
- is an option available to be included as an integrative element of the promotion or marketing communication mix of a corporate marketing mix;
- supports or is supported by the other promotion or marketing communication elements: advertising, sales promotion, personal selling, publicity and/or public relations.

Sponsorship as theoretical construct will be debated in more detail in Chapters 4 and 5.

1.2.6 Structure of the sport industry

Pitts & Stotlar (1996: 3) define the sport industry as the market in which the products (and services) offered to its buyers are sport, fitness, recreation, or leisure-related and may be activities, goods, services, people, places, or ideas.

Some examples of the types of products offered in the sport industry:

- Sports offered as a participation product e.g. amateur golf.
- Sports offered as a spectator product (entertainment) e.g. attending a sporting event.
- Equipment and apparel needed to participate in sport activities e.g. golf equipment.
- Promotional merchandise used to promote sport e.g. collectibles and team apparel.
- Facilities needed or desired for producing sport e.g. golf courses and driving ranges.
- Services, such as tennis racket stringing or golf club cleaning.
- Recreational activities, such as mountain biking and scuba diving.
- Complete management and marketing of a sporting event offered by a private company that specialises in the management and marketing of sporting events e.g. event management.
- Professional services such as handling the financial, legal, contractual, and promotional affairs of a professional athlete (and/or sport body or code).
- Mass (and specialised) media about specific sports and other activities. (examples and insertions in brackets are those of the researcher).

Meek (1995:15-21) proposes an operational definition, which broadly defines the sport industry as having three main sectors:

- Sport entertainment and recreation such as events, teams and individual participants; sport and related recreational activities and sport association expenditure.
- Sport products and services such as design, testing, manufacturing and distribution of equipment, clothing and instruments.
- Sport support organisations such as leagues, law firms and marketing organisations.

The aspects discussed here indicate that a wide range of sport sponsorship opportunities are possible.

1.2.7 Size and scope of the SA sport market

The South African sport industry is quite substantial in money terms. According to SISA (Sports Information and Science Agency which is situated at the Council for Scientific and Industrial Research and funded by the Department of Sport and Recreation) it contributed R8,9 billion in 1996 and R11,2 billion in 1997 to the economy. In 1996 it employed 31 450 (34 095 in 1997) people directly; sport spectator expenditure capped the R700 million mark (R847 million:1997) and business expenditure reached R1,13 billion (R1,625 billion:1997) through *inter alia* sponsorships and advertising - with motor racing receiving the biggest slice of the sponsorship cake (more than R30 million).

In 1997 rugby surpassed motor racing and more than R35 million flowed into this sport. Close to 1,5 million South Africans actively participated in soccer while roughly 20% of the population (8,3 million) watched their favourite teams in action to make soccer South Africa's largest sport code.

At this point in time (2001) no updated figures could be obtained from any reputable source.

SISA divides sport in economic terms into the following different categories: Sport goods, motor racing, the commercial market, spectators, participants, sport

controlling bodies, clubs, and local authorities. These categories are summarised in Table 1.1 according to the latest available figures (1997). SISA based their figures on continuous research done by BMI-Sport Info.

TABLE 1.1 THE SOUTH AFRICAN SPORT MARKET

Category	Discussion
Sport goods	Valued at R3 900 million at retail level and provides between 9 000 and 10 000 jobs. The figures are inclusive of adult and junior/school sport - and include sport shoes, sport clothing and sports equipment. Not included are motor sport and horse racing. This is the biggest category and contributes about 35% to the SA economy
Motor racing	A total of R456 million directly flowed into the SA economy. A further R5 million was spent on capital projects such as upgrading and improving various racetracks and R18 million was generated through rallies, motocross, speedway, drag racing and oval racing. More than 6 400 people were directly employed.
The commercial market	Included in this category are all expenditures by companies and the media as a direct result of sport. Company sponsorships is estimated at R1 172 million and other commercial activities (guessed to be marketing support for the sponsorships) at R453 million (a ratio of 2.6:1) - global norms are more inclined to be 1:1. More than 1 000 people are employed.
Spectators	Although television coverage of sport has increased, large numbers of spectators still attend events. SISA research covered the following aspects: which sports are watched at venues and at what level (ranging from school to national), how often per year, travel arrangements - petrol (R67 million), taxi (R40 million), Bus/train (R27 million), overnight expenses (R151 million - including air travel and hotel costs), expenditure on snacks & food (R296 million), drinks (R185 million), merchandise/souvenirs (R69 million) and other unspecified items (R12 million). Total expenditure is estimated at R847 million. It is estimated that more than 7 000 temporary jobs are created, ranging from food vendors to ticket ushers.
Participants	Sport participants spend money on the following major items: local and club travel (R215 million), Energy and vitamin supplements (R816 million), training (R790 million), medical (R321 million), tournament travel (R624 million). Total expenditure is estimated at R2 766 million. Casual participants spend less but higher level athletes might be sponsored to a large extent.
Controlling bodies	Total expenditure R512 million and employing more than 4 000 employees
Clubs	Estimated between 35 000 and 40 000 but less than 1 000 are regarded as major sporting clubs. Estimated joint expenditure is R828 million and employment is provided to more than 8 000 people.
Local authorities	They maintain public sports facilities and their estimated expenditure is R321 million while they provide employment for more than 9 000 people.

The following information on the structure of the South African sport market was gathered from the Department of Sport and Recreation (<http://www.sportsa.co.za>); infoafrica at http://www.infoafrica.co.za/General_Section/sportsbodiesnational.htm; SISA - Sports Information and Science Agency - Comprising of The Department of Sport and Recreation, The National Sports Council and The National Olympic Committee of South Africa; and the Sports SA Information Center, at the CSIR.

Tables 1.2, 1.3, 1.4 and 1.5 summarise the size and scope of SISA's classification of the SA sport industry.

TABLE 1.2 THE SPORT INDUSTRY'S CONTRIBUTION TO THE SA ECONOMY IN 1996

	R million (% of total contribution in brackets)	Employment
Sports equipment	3 100 (35%)	9 500
Participants	2 155 (24%)	
Commercial	1 133 (13%)	950
Spectators	701 (8%)	
Clubs	690 (7,7%)	8 000
National Federations	423 (4,7%)	1 760
Motor racing	381 (4,3%)	5 140
Local Authorities	297 (3%)	6 100
TOTAL	8 880	31 450

The sport industry contributed close to R8,9 billion to the SA economy in 1996. The biggest contribution is made through the consumption of sports equipment (just more than R3 billion) followed by participant expenditure of close to R2,2 billion. Commercial spending (*inter alia* direct and indirect sponsorships) contributed just more than R1.1 billion to the economy.

TABLE 1.3 SPORT SPECTATOR EXPENDITURE IN 1996

Estimated sport spectator expenditure as a direct result of sport (percentage in brackets)	
	R million
Snacks and other food	245 (35%)
Drinks	153 (22%)
Overnight expenses (fly/hotel/etc.)	124 (17.7%)
Merchandise/souvenirs	57 (8%)
Petrol	56 (7.9%)
Taxi	33 (4.7%)
Bus/train	22 (3%)
Other	11 (1.6%)
TOTAL	701

Of the R701 million spent by spectators the biggest share goes to snacks and food (35%), drinks (22%) and overnight expenses (17.7%) – which illustrates the sport industry directly stimulates other industries and indirectly contributes to job creation in those industries.

TABLE 1.4 ESTIMATED COMMERCIAL EXPENDITURE ON SPORT IN 1996

	Estimated expenditure R million (%)	Estimated number of workers (%)
Corporate sponsorships	758 (67%)	400 (42%)
Media/TV/Radio	225 (19.8%)	400 (42%)
Corporate hospitality	75 (6.6%)	
Signage / stadium advertising	50 (4.4%)	50 (5.2%)
Sponsorship management	25 (2.2%)	100 (10.5%)
TOTAL	1 133	950

Direct sponsorship (67%) and media expenditure (19.8%) contribute the highest percentages to the more than R1.1 billion commercial expenditure. These categories also create the most jobs (42% respectively). It is assumed that the media figure stated here does not include indirect media advertising that might support the sponsorship campaigns.

TABLE 1.5 SPONSORSHIP BY SPORT CODE IN 1996

Rank	Sport	Sponsorship / R million
1	Motor racing (track)	Over R30 million
2	Soccer	
3	Rugby	
4	Golf	
5	Cricket	
6	Horse racing	R10 million to R25 million
7	Athletics	
8	Road running	
9	Motor rallies (off-road)	
10	Tennis	R5 million to R10 million
11	Boxing	
12	Yachting	
13	Motorcycle racing	
Total market		R552 million

Table 1.5 contains information on those sport codes that attracted sponsorship of more than R5 million. A research procedure, discussed in Chapter 3, to measure the marketing orientation of SA sport bodies and codes refer to a "limelight" category and are therefore arbitrarily viewed as to be included in such a category. These sport codes can be regarded as being in the "limelight" and it is assumed that they attract the highest number of spectators, participants and interest.

(Please see Appendix 1 for a list of all sporting codes and their sponsorships.)

The sheer size and scope of the figures illustrated in tables 1.1 to 1.5 indicate that the sport industry is quite substantial in money terms. Few have yet endeavoured to unravel decision-making and managerial approaches followed by practitioners and corporate decision-makers to substantiate the amounts spent.

Compared to the 1996 Gross Domestic Product (GDP) of R571 billion – the total sponsorship market is approximately 0.1% of GDP and the total sporting

expenditure is approximately 0.2% of GDP. It can only be guessed what contribution sport indirectly makes to total GDP (Reservebank, 2001).

1.3 Research problem

The existing marketing literature is inconclusive about where sport sponsorship fits into the marketing mix. Hardly any evidence exists on how sponsorship decisions are made and whether sponsorship involvement holds any measurable marketing and communication outcomes in terms of *inter alia* profit, market share, sales volume, return on investment and image enhancement.

Understanding the linkages between sponsorship objectives and the leverage between sponsorship and other marketing communication elements and being able to model the appropriate effectiveness of sponsorship involvement are areas that need thorough investigation.

Sponsors should understand that maximising sponsorship effectiveness hinges on the following:

- understanding where sponsorship fits into the marketing communication mix,
- setting appropriate sponsorship objectives derived from broad corporate and more specific marketing and communication objectives;
- integration between the different elements of the marketing communication mix and the leverage effect of the other marketing communication variables on sponsoring effectiveness; and
- measuring the effectiveness of sport sponsorships in terms of the formulated sport sponsorship objectives.

No reference to a locally, empirically tested and widely used instrument designed to describe the South African sponsorship decision process was found in published literature. This thesis will therefore serve as a seminal first step in creating a sponsorship decision-making model.

1.4 Objectives of the study

The main objective of this study is to evaluate the importance of factors that affect South African sport sponsorship decisions. Main focus areas can be summarised as follows:

- 1.4.1 The range of sport sponsorship objectives;
- 1.4.2 Integrating marketing communication elements into sport sponsorships;
and
- 1.4.3 The range of evaluation tools that sponsors use to measure the effectiveness of their sport sponsorships.

A secondary objective is to develop a model that can be used as a benchmark for further post-thesis research and development. It is therefore envisaged that:

After evaluating the importance of and the relationship between sport sponsorship objectives, the integration of marketing communication mix variables, and the measurement of sport sponsorship effectiveness, a sport sponsorship decision-making model will be developed.

1.5 Demarcation of the study

As a first step in the development of a sponsorship decision-making model some demarcation in this thesis is necessary. The following aspects should be noted:

- This study is an exploratory study that aims to develop research frameworks that will eventually lead to the development of a model that illustrates sport sponsorship decision-making.
- This study covers sport sponsorships as a theoretical construct within the broad field of marketing and the specialised field of sport marketing.
- Other forms of sponsorships such as arts and culture, environment and philanthropy will not be covered.

- A study of **selected** South African sport sponsors will be used to determine the importance of factors that affect South African sport sponsorship decision-making.
- The study will focus on relationships between setting sport sponsorship objectives, the integration of marketing communication mix elements into sport sponsorships, and the evaluation of sport sponsorship effectiveness.
- A secondary focus is on leveraging sponsorship with other elements of the marketing communication mix i.e. advertising, sales promotion, publicity/public relations, personal selling, and direct marketing and any other identified in the literature review that pertains to sponsorships.
- The investigation on sport sponsorship objectives will focus on those identified in the literature review.
- The investigation on sport sponsorship measurement tools will focus on those identified in the literature review.
- Current sponsorship evaluation practices will also be measured.
- There will be no investigation in this research on any relationships between sponsorship and the traditional higher level marketing mix elements - product, price, place or the extended Ps of the services marketing mix i.e. people, physical evidence and process.

1.6 The basic research approach

This thesis is an exploratory study to the extent that it could eventually lead, through more continuous and perhaps longitudinal post-doctoral research, to the development of an instrument that will measure the effectiveness of South African sport sponsorship decisions. The approach is to start afresh and to review traditional theories, constructs and paradigms and test the application to a select group of sponsorship decision-makers.

The scope of the research can therefore be summarised as follows:

- A comprehensive overview of current literature on sport marketing, in general, and sport sponsorship, in particular, will provide the academic and theoretical base for this study - as discussed in Chapters 2 and 3;
- The scope and extent of previous research approaches and studies will be used to formulate statements to be included in one of the research instruments (a self-administered questionnaire) - as discussed in Chapters 5 to 8; and
- Research frameworks will be developed and tested through qualitative and quantitative analysis.

1.7 The importance of, and the need for research on sport marketing in general and sport sponsorship in particular

It has already been stated that there is an apparent lack of substance in marketing management or basic management text books with regards to sport marketing in general and sport sponsorship in particular. The range of textbooks on sport marketing is also very limited. A thorough literature review and analysis is necessary to place sport marketing in its proper context. The argument is that sport sponsorship and sport marketing as related constructs should be analysed and contextualised.

1.7.1 Factors that contributed to the growth and development of the global sport industry

The following aspects were identified by Pitts & Stotlar (1996: 6-17) as factors that contributed to the growth and development of the global sport industry). These factors can also offer reasons why research on sponsorship decision-making is important:

- Increase in the number of new and different sport, fitness and recreation activities;
- Increase in the number of similar sporting events offered;
- Increase in number and type of sport magazines & trade magazines;

- Increase in leisure time;
- Increase in mass media exposure;
- The fitness boom of the 1970's which kick-started the commercial side of sport;
- Increase in number and type of facilities, events and participation;
- Increase in and expansion of sport related goods and services for a wide variety of market segments;
- Increase in the number and type of professional-level sport, fitness, and recreational activity;
- The movement from single-purpose to multi-purpose sport facilities;
- Increase in sponsorship & funding of sport from the general business community;
- Increase in endorsement;
- Increase in sport education;
- Increase in profitable opportunities created by sport;
- Increase in technology in sport related goods, services & training;
- Enhancement of sport as a consumer product;
- Increase in marketing and marketing orientation in the sport industry;
- Increase in competency in management of sport; and
- The globalisation of sport and the increase in the size of the global market for sport.

All of the above statements indicate a direct impact on managerial decision-making in terms of the investment of funds and an indirect focus on sport marketing and sport sponsorship.

Due to greater awareness and scope of sponsorships the sporting industry has created substantial business opportunities with regard to retailing, merchandising, branding, and television coverage - the latter perhaps a major reason why some organisations have become more involved in sponsorships.

1.7.2 Scarcity of academic substance

It has been stated earlier that there is an apparent lack of substance in marketing management or basic management textbooks with regards to discussing sponsorship as one of the marketing communication variables. The range of textbooks on sport marketing is also very limited.

Only one local institution (the Graduate Academy in Pretoria) offers a multi-year sport marketing degree. Two honors courses in sport marketing are presented at RAU and Pretoria University and one sport communication course at RAU - an indication of how bare the cupboard is. A handful of colleges and technikons hide sport marketing and/or sport communication/public relations as a module in a sport management qualification.

This thesis suggests that marketing and communication academics and practitioners should become more involved in the process of developing a proper scientific body of knowledge relating to sport marketing and sport sponsorship in South Africa.

1.7.3 Limited research reports

Hardly any results of local research on sport marketing have been published (sport sponsorship management has received some limited attention) and before 1997 only one master's dissertation (Clayton 1986 - "Corporate objectives in sports sponsorship") covered this topic. No doctorate had been completed before 2000 in a management or commercial faculty on this subject. Recently a few were registered – Prinsloo (commenced in 1998) who is studying decisions regarding sponsoring of individual athletes at the Potchefstroom University for Christian Higher Education; Benadie (commenced in 1998 with a PhD) is studying sponsorship at the University of Stellenbosch; and Berndt (commenced in 1999) is evaluating the viability of sponsorship as a marketing communication tool in South Africa.

One master's dissertation on sport(s) sponsorship(s) has been completed in an Arts Faculty (Angelopulo 1984 - "The communication objectives of sport sponsorships").

A few post-graduate studies (not including MBA-scripts) with a sport marketing related theme are on record at the HSRC (Human Sciences Research Council): Burger (commencing in 1998) is doing an MCom on "Marketing planning and the granting of sponsorships" at RAU. Van der Heever completed an MCom at the University of Stellenbosch in 1996 on "Sport marketing in the Western Cape with specific reference to the implications for tourism".

Research and bodies who do some form of sport brokerage have done work on this subject but nothing has been published for wider consumption. Even internationally it seems that research on the topic is lacking. A review of current marketing texts unfortunately indicates that academics are not devoting a great deal of attention to the place of sport marketing in the overall corporate marketing strategy. Marketing scholars have therefore not yet been exposed to a large extent to sport marketing. This clearly illustrates that sport marketing has not yet been accepted or critically evaluated as an important and relevant application of basic marketing as compared to other applications such as services marketing, not-for-profit marketing, industrial or business-to-business marketing, or retail marketing.

It must be mentioned that Abratt, Clayton & Pitt (1987:299-311) "Corporate objectives in sports sponsorships"; and Abratt & Grobler (1989:351-362) "The evaluation of sports sponsorships" have published some South African perspectives on sport sponsorship in the *International Journal of Advertising*.

1.7.4 Model-building on sport sponsorship decision-making

A clear need exists to structure a sport sponsorship decision-making that will aid South African managerial knowledge and assist in decision-making and strategy formulation.

1.7.5 Relationship between sport marketing and sport sponsorship

Academic contextualisation is required to clarify sponsorship and the role of sponsorship in sport marketing. This will be discussed in Chapter 3.

1.7.6 Issues impacting on sponsorship decision-making

A number of marketing environmental issues will increasingly impact on sponsorship decision-making. They are:

- The South African Government is considering legislation to force sponsors to divert sponsorships to lesser-known and smaller sport codes. Such legislation will severely impact on sponsorship decisions.
- Global anti-tobacco legislation has forced large sport sponsors out of the sponsorship business - sponsorship opportunities have been left open.
- The rise of ambush marketing (non-sponsor activities to gain goodwill, publicity and awareness advantages from an event - e.g. an organisation handing out free samples at an event sponsored by a competitor). Subsequent codes of conduct that may be enforced by the International Olympic Committee place a sharp focus on such activities.
- Rising criticism from the community - critics are increasingly referring to certain organisations involved in "cheque-book sponsorships" which indicate that perceptions exist that decision-making is not based on sound corporate decision-making.

1.7.7 The size and scope of the SA sport industry

In 1996 it was estimated by SISA that total commercial expenditure exceeded R1 133 million of which close to R700 million was on direct corporate sponsorship. In 1997 these figures rose to R 1 625 million and R1 172 million respectively. It is imperative that decision-making concerning such large amounts should be scrutinised by comparing objectives set to eventual results achieved.

The activities of sport administrators and participants frequently generate exposure in the media that place the spotlight on their lack of marketing and public relations skills. Yet huge amounts of money are still pouring into those sporting codes placing question marks on how sponsors integrate sponsorship and public relations decisions into their overall corporate strategy.

1.8 Structure of the study

Chapter 2: A literature review of marketing decision-making variables

This chapter will attend to a discussion in terms of where sport marketing and sport sponsorship can be accommodated into general marketing theory. An overview is provided on the expansion of the traditional 4Ps of the marketing mix.

A review of current marketing texts and journals discussed in this chapter indicates that authors are not devoting sufficient attention to the place of sport marketing and sport sponsorship in overall marketing strategy. This clearly illustrates that sport marketing has not yet been accepted or evaluated as an important and relevant sub-discipline of basic marketing as compared to services marketing, industrial or business-to-business marketing, not-for-profit marketing, international and/or retail marketing.

Chapter 3: Contextualising sport marketing and sport sponsorship

The previous chapter indicated that sport marketing and sport sponsorships as theoretical constructs were not adequately defined. In this chapter a number of views on defining sport marketing will be discussed. It is argued that a comprehensive definition should be formulated that will determine where sport-focussed marketing mix elements fit in for organisations that include sport sponsorship as a marketing communication tool in their marketing mix. Such a definition should include sport marketing strategy formulation, examples or

applications of sport marketing, and also refer to the marketing of sport bodies and codes.

Before sport marketing is contextualised a brief overview is offered that revisits current definitions of marketing and related theoretical marketing constructs. The aim of such an overview is to apply general marketing constructs to sport marketing. The researcher indicates that such application is possible and it is therefore suggested that sport marketing can be regarded as a separate sub-discipline of marketing such as services marketing, business-to-business marketing, not-for-profit marketing, international and retail marketing.

A new definition of sport marketing will be proposed. The marketing communication mix is also constructed to place sport sponsorship as an element in such a mix.

Chapter 4: Historical, theoretical and research perspectives on sport sponsorship management and decision-making

This chapter will start with a review of historical, theoretical and research perspectives on sport sponsorship management and decision-making. Thereafter sport sponsorship's proper place, as theoretical construct will be contextualised. A new definition of sport sponsorship will be proposed.

Chapter 5: A theoretical evaluation of selective sport sponsorship research frameworks

In this chapter a framework that depicts sport sponsorship management and decision-making will be developed. As an extraction from this framework an additional framework that depicts the relationship between sponsorship objectives, leveraging and integration of marketing communication mix elements, and sponsorship evaluation will also be discussed.

Chapter 6: Problem statement, research objectives and hypotheses / propositions

The empirical research serves as a bridge between theory and modeling. Therefore, research propositions and hypotheses were formulated based on the literature review from Chapters 1 to 5 and two frameworks proposed in Chapter 5.

Chapter 7: Research methodology

The research design, process and implementation will be discussed. Specific emphasis will be placed on a critical analysis of frameworks that could be utilised to develop a sport sponsorship decision-making model.

Chapter 8: Research results and analysis

This chapter will present the findings of the different phases of the empirical study.

In the first phase the descriptive statistical findings of data captured from a questionnaire survey among ASOM-members will be reported. After discussing the preliminary data editing and analysis, summarised statistics will be presented for key variables and the possible acceptance or revision of the sponsorship management framework postulated in Chapter 5 will be discussed. It is ideal that a high level of validity and reliability should be achieved before a model can be built but the exploratory nature of this study prohibits more extensive statistical analysis and basic descriptive statistical analysis may have to suffice to test the first framework.

In the second phase a content analysis of the 1999 and 2000 Raptor Award entries is discussed and compared to the data captured through a questionnaire mailed to ASOM-members. These findings will be used to test the second framework proposed in Chapter 5. Measurement and analysis of data gathered from respondents will be reviewed. The findings of a qualitative

analysis of the Raptor Award entry forms and a correlation analysis of ASOM-member responses will be discussed. The response of ASOM-members mainly indicate the importance of statements regarding factors that affect sport sponsorship decision-making, while the response of the Raptor Award entrants indicate how the respondents actually manage the factors affecting sport sponsorship decision-making.

The two sets of responses enable the researcher to compare opinions and attitudes (of ASOM-members) to actual practices (of ASOM-members and entrants to the Raptor Awards) concerning the relationship between sport sponsorship objective-setting, integrating different elements of the marketing communication mix to create a leverage effect, and measuring the effectiveness of the sport sponsorship.

Chapter 9: Conclusions, recommendations and limitations of the study

In this chapter a final discussion on research conclusions, the implications and limitations of the study, and recommendations for future research will be offered. A new model that is a revision of the second framework, is proposed that may serve as a framework that can be used as a benchmark for further post-thesis research and development. The model is based on some of the research findings reported in Chapter 8.

1.9 Summary

In this chapter sport marketing as a possible application field of the broader marketing scope was introduced by discussing the following aspects:

Definitions of the marketing mix, the rationale behind the marketing mix, criticism against the marketing mix, the place of sport marketing in general marketing theory; defining sport marketing, sport sponsorship as an element of sport marketing, and the place of sport sponsorship in the integrated marketing communication mix. A structure of the sport industry and the size and scope of the SA sport industry were also discussed.

The research problem, objectives of the study, demarcation of the study, and the basic research approach were outlined.

The following reasons for the importance of and need for research on sport marketing and sport sponsorship were discussed:

- Factors that contributed to the growth and development of the global sport industry such as: Increase in the number of new and different sport, fitness and recreation activities; Increase in mass media exposure; The fitness boom of the 1970's which kick-started the commercial side of sport; Increase in and expansion of sport related goods and services for a wide variety of market segments; Increase in sponsorship & funding of sport from the general business community; Increase in endorsement; Enhancement of sport as a consumer product; and The globalisation of sport and increase in the global market for sport.
- Scarcity of academic substance;
- Limited research reports in existence;
- The need for model-building on sport sponsorship decision-making;
- Relationship between sport marketing and sponsorship;
- Issues impacting on sponsorship decision-making; and
- The size and scope of the SA sport industry

In Chapter 2 marketing decision-making variables as constituted by the marketing mix and the marketing communication mix will be contextualised. An overview will also be given on the expansion of the traditional 4Ps of the marketing mix. A discussion on where sport marketing and sport sponsorship fit into general marketing theory will be expanded.