

CHAPTER 4

PERSPECTIVES ON SPORT SPONSORSHIP MANAGEMENT AND DECISION-MAKING

"The first modern, commercial use of sponsorship as a promotional activity has been traced to the placement of advertisements in the official programme of the 1896 Olympic Games and the product sampling rights purchased by Coca Cola for the 1928 Olympics" (Sandler & Shani, 1993; and Stotlar, 1993).

4.1 Introduction

In the previous chapter sport sponsorship's contextualisation as a decision-making variable in sport marketing has been identified. Further theoretical analysis and discussion on its relevance, as a theoretical construct is required. In this chapter the historical development of sport sponsorship is reviewed, sport sponsorship is defined and discussed with respect to South Africa, and an overview of past and current thought on sport sponsorship research is offered.

The discussion in this chapter will lead to the development of theoretical frameworks that will hopefully aid sport sponsorship decision-makers in managing their sponsorships. These frameworks will be theoretically discussed and expanded in the next chapter. In Chapter 6 a research design and procedure to test the frameworks for viability and applicability will be explained.

4.2 Historical perspectives on the growth of sponsorship expenditure

Major international sporting events, such as the Soccer, Rugby, and Cricket World Cups, the Summer and Winter Olympics, and the Commonwealth Games, generate considerable revenue through selling sponsorship packages and are in fact dependent on those sponsorships for financial survival.

Pope (1998:1) predicts that the growth in sponsorship expenditure will continue as new technology makes sponsorship more visible and accessible (to a mass world audience). This phenomenal growth, as depicted by the anecdotal comments and reference to the historical growth in sponsorship expenditure in this section, emphasises that sponsorship has become a vital part in funding a wide range of sport events. Phases in the growth of sponsorship are discussed below.

a) The Greeks and Romans

Commentators have found various historical contexts for the origins of sport sponsorship: The wealthy ancient Greeks supported athletic and arts festivals in order to enhance social standing and gladiators could be supported (or owned) by members of the Roman aristocracy for the same purpose (Sandler & Shani, 1993:9; and Cornwell, 1995:13).

b) The MCC tour of Australia in 1861

Australia is, not surprisingly, considering their emergence as a leading sporting nation, regarded by Sleight (1989:29), and McCarville & Copeland (1994:102) as the first country to have been involved in sport sponsorship when, in 1861, Spiers and Pond sponsored the first MCC (Marylebone Cricket Club) tour of Australia. It is estimated that a profit of £11,000 was realised.

c) The era between the Olympic Games of 1896 and 1928

The first modern, commercial use of sponsorship as a promotional activity has been traced to the placement of advertisements in the official programme of the 1896 Olympic Games and the product sampling rights purchased by Coca Cola for the 1928 Olympics (Sandler & Shani, 1993:9; and Stotlar, 1993:35).

Marshall & Cook (1992:307) mention that the first recorded use of the sponsorship of sport in the United Kingdom occurred in 1898, when that

year's Soccer League champions, Nottingham Forest, was sponsored by Bovril, the beverage organisation.

d) Between 1928 and 1975

No references on sponsorship could be found relating to amounts or figures for this era.

e) Growth from 1975 to 1984

Pope (1998:1) states that certain researchers (Meenaghan, 1991:35; and Sandler & Shani, 1993:9) argue that corporate sponsorship of sport, as it is understood today, is a phenomenon of the period from 1975 to the present.

They observed that the largest increase in sponsorship of sport occurred between the 1976 Montreal Olympic Games and the 1984 Los Angeles Olympic Games, partly as a reaction to the losses incurred by the city of Montreal (Stotlar, 1993:35).

Meenaghan (1998:3) and Speed & Thompson (1997:20) note that worldwide sponsorship was £2.0 million in 1984.

f) Growth from 1988 to 1998

Hoek, Gendall & West (1990:95) report that the 1988 Winter and Summer Olympics gained \$US 350 million in sponsorship, while Kuzma, Shanklin, & McCally, Jr. (1993:27) state that each of the fourteen major sponsors of the 1996 Summer Olympics had to commit \$US 40 million (seven times the amount that the 1992 Summer Games sponsors had to pay and ten times what a 1984 sponsor contributed"). **The 1996 Olympic sponsorship requirements were already known in 1993.**

The global expenditure on corporate sponsorships as reported by (Meerabeau, Gillett, Kennedy, Adeoba, Byass & Tabi, 1991:39) was

\$US 5 billion in 1989. By 1993 this had increased to an amount reported differently by Meenaghan (1994:103) as \$US 10.8 billion and \$9.6 billion by Cornwell (1995:13). Meenaghan (1998:3) and Speed & Thompson (1997:20) quoted the worldwide sponsorship figure as £16.6 billion in 1996.

Shoebridge (1998:65) states that approximately Aus \$850 million was spent by Australian companies on sport sponsorship during 1997. According to Sherry (1998:24) sport sponsorship spending reached approximately \$4.55 billion in the US in 1998.

g) Sponsorship after 1999

According to Pope (1998:1) the Sydney 2000 Olympic Games organising committee realised a sponsorship income of Aus \$830 million.

Sunday Times' Business Times (February 11, 2001:3), report that merchandising and sponsorship in 2000 realised 26% of the soccer club, Manchester United's revenues. A deal with Nike, as sponsor, will earn United at least £300 million in 2002.

Grobler as quoted by Koenderman (2000:86) estimates a worldwide sport sponsorship expenditure figure of \$20 billion for 1999.

h) Factors contributing to the enormous growth of global sponsorship expenditure

Jobber (1995:453) states that six factors contributed to this growth:

- Restrictive government policies on tobacco and alcohol advertising;
- Escalating costs of media advertising;
- Increased leisure activities and sporting events;
- The proven record of sponsorship;
- Greater media coverage of sponsored events; and

- The reduced efficiencies of traditional media advertising through clutter and zapping between television programmes when commercials are aired.

Some South African perspectives on Jobber's six factors are discussed in the following section.

4.3 The South African sport sponsorship scenario

Tobacco sponsorship of sporting events in South Africa will be discontinued in 2001. SA Breweries still remain one of the largest local sponsors and will probably remain so for the foreseeable future. The increased cost of media advertising, and especially television advertising, has forced marketers to find other marketing media - e.g. sponsorship and the internet.

No published research or scientific evidence is available that sponsors in South Africa have realised a satisfactory return on their investment. Perceptions based on discussions with members of the Sponsorship Portfolio Committee of the Association of Marketers, anecdotal evidence, and unofficial discussions with sponsorship managers, point to the fact that some large sponsors with large budgets have not really based their sponsorship objectives on sound corporate and marketing principles.

In South Africa sponsorship has enjoyed a remarkable boom since 1995, largely due to SA's re-admission to the world community and to international sport in the early 1990's. A further development is the domination by M-Net of the broadcasting of major sporting events.

Table 4.1 illustrates the historical trends in SA sponsorship spending since 1985.

**TABLE 4.1 HISTORICAL TRENDS IN SPORT SPONSORSHIP SPENDING
IN SOUTH AFRICA**

Year	Sponsorship (R million)	Change	Back-up (1) (R million)	Change	Total (R million)	Change
1985	63		50		113	
1986	84	33%	70	40%	154	27%
1987	107	27%	92	31%	199	29%
1988	124	16%	109	18%	233	17%
1989	151	21%	136	24%	287	23%
1990	174	15%	156	15%	330	15%
1991	207	19%	180	15%	387	17%
1992	275	25%	236	31%	511	32%
1993	285	4%	238	0.1%	523	2%
1994	321	13%	272	14%	593	13%
1995	418	30%	340	25%	758	28%
1996	522	25%	420	24%	942	24%
1997	642	23%	530	26%	1 172	24%
1998	885	38%	740	40%	1 625	39%
1999	1 049	19%	852	15%	1 901	17%

Based on Grobler as quoted by Koenderman (2000:87)

(1) Indirect sponsorship spending

The biggest changes occurred in 1992 (South Africa re-admitted to the international sporting arena and participated for the first time in the Cricket World Cup); 1995 (Rugby World Cup); and 1998 (close to Cricket and Rugby World Cup tournaments). It is significant to note the decline in sponsorship and back-up spending in 1993 and 1999 which illustrates how spending follows major events. Its also suggests that sport bodies should anticipate sponsorship budget cuts in "off-peak" years.

Sponsorship spending has doubled every three to four years. The ratio of back-up spending to sponsorship spending has increased from a 1:1.12 ratio in 1990 to a high of 1:1.24 in 1996.

Uncertainties exist whether sponsorships follow sporting events that will most probably be covered by the electronic media. It is argued that the sponsorship itself doesn't create media coverage, perhaps for the odd mention in the

media or at after-match award ceremonies. It is also argued that the limelight sporting events such as rugby and cricket will always attract large sponsorships but those events that attract less interest, will always struggle to get funding.

Sponsor-spend has substantial spin-offs for the South African advertising fraternity, generating an almost equal additional value of supporting promotions and advertising. The 1998 total of R1.625 billion in Table 4.1 must be compared with the measured advertising expenditure of R7 billion in that year (sponsors spent R1 for every R4 spent on advertising by marketers).

In Chapter 1 (Table 1.5) it was illustrated that sporting codes such as motor racing (track), soccer, rugby, golf, and cricket received sponsorship of more than R30 million each. Horse racing, athletics, road running, and motor rallies (off-road) received sponsorships of between R10 million to R25 million each.

These sporting codes received the major slice of the sponsorship cake, while the following codes received hardly any substantial sponsorships (less than R 1 million): Karate, Baseball/softball, Netball, Lifesaving, Professional wrestling, Rugby league, Tenpin bowling, Aerobics, Badminton, Polo, Gymnastics, Hiking, Rowing, Waveski, Darts, Shooting, Table tennis, Fencing, Sky diving, Ice skating.

The perceived unattractiveness to sponsors of these sport codes might emanate from their lack of marketing strategies, lack of media coverage by the electronic media or the actions of (un)professional officials.

The South African electronic media such as M-Net and the SABC are world-renowned for their application of technological innovations such as the speed-stick, the stump camera and the use of third umpires to make run-out decisions in cricket. These inventions, linked to innovative television techniques, have opened numerous advantages to sponsors and advertisers. Less time is allocated for full-blown television commercials and more scope is available for signage, virtual advertising, and split or smaller screen

advertisements while the play is still on - hence the steady rise in back-up spending.

4.4 Defining the term sport sponsorship

Definitions of sport sponsorship are found in sport marketing and sport management texts, but it is disappointing that basic marketing texts in the 1990's do not seemingly acknowledge that sponsorship is a new and vibrant addition to the marketing communication mix – as reflected by the exponential growth in global sponsorship spending (Table 4.1).

4.4.1 Perspectives on defining sport sponsorship

In this section certain sponsorship perspectives will be reviewed in order to formulate a comprehensive definition of sport sponsorship.

a) Lack of discussion in basic marketing texts

As mentioned in Chapter 1 basic marketing texts such as Pride *et al* (1993); Bovée *et al* (1995); and Kotler *et al* (1997), to name but a few, do not mention sponsorship at all. Some basic marketing texts (Van der Walt *et al*, 1999:280; Dibb *et al*, 1994:389; Jobber, 1995:453; Wilmshurst, 1995:367; and Brassington & Pettitt, 2000:240) discuss sponsorship as one of the instruments of the promotion mix but the only text that refers specifically to sport marketing is Solomon *et al* (1997:10). In journals and periodicals authors such as Thwaites (1995:151); Furlong (1994:160); and Meenaghan (1996:103) include sport sponsorship as one of the promotion elements of a broader sport marketing strategy.

More substantial discussions on sponsorships are found in texts on marketing communication (Coulson-Thomas, 1990:285; Hoek in Kitchen, 1999:362, Belch & Belch, 2001:555) or promotion (Wilmshurst, 1993; and Shimp, 1997:566), which confirms that sport sponsorship has been accepted as an option in the promotion mix.

b) Sponsorship versus donations

There have been difficulties in defining sport sponsorship itself and in delimiting the group(s) of activities that are involved in it. Reasons for this are two-fold: partly from a popular confusion with concepts such as charity, philanthropy, endorsement and patronage; and also because of the labeling of various "sponsorship" activities which might not be considered as such by commentators (Sandler & Shani, 1993:39).

It must also be emphasised that financial support to other forms of sponsees (e.g. the arts, education, and environment) should not necessarily be regarded to fall into the "donation" category. They are sponsorships in own right and sponsors should also have commercial aims in mind when sponsoring these categories.

c) Broadcast versus event sponsorship

Another area of confusion is between the sponsorship of a telecast or the sponsorship of an event.

Jobber (1995:453) emphasises that there should be a clear and distinct differentiation between event and broadcast sponsorship. A clear example is the 1991 Rugby World Cup in the UK where Heinz sponsored the event but coverage by ITV was sponsored by Sony. Sony's name appeared at the beginning and end of each advertising break, and the impact was boosted by the use of a branded trivia quiz at each break. The result was that many viewers thought that Sony was also the event sponsor.

4.4.2 Definitions of sport sponsorship from sport marketing textbooks

As already discussed in Chapter 2, hardly any marketing texts refer to sport marketing and the spotlight should therefor fall on definitions discussed by sport marketing and marketing communication experts. A brief survey of a number of sport marketing texts indicates a wide range of views on sponsorship as illustrated in Table 4.2.

TABLE 4.2 THE VIEWS OF SPORT MARKETING AUTHORS IN SPORT MARKETING TEXTBOOKS ON SPONSORSHIP

Author	Focus on sponsorship
Stotlar (1993)	After the initial sport marketing focus the contents moves to sponsorships Ends of with a useful chapter to practitioners on how to set up a sponsorship plan
Mullin, Hardy & Sutton (1993, 2000)	Promotional licensing is an umbrella term that encompasses sponsorship (p 254); Defines sponsorship as the acquisition of rights to affiliate or directly associate with a product or event for the purpose of deriving benefits from that association.
Brooks (1994)	The whole text has a sponsorship slant. To be effective sponsorship must serve: The business interest of the sponsor; The best interests of the event and its participants; and have A positive impact on the sponsor's direct customers (dealers who resell the sponsor's products; and The best interests of the customers who buy the sponsor's products.
Graham, Goldblatt, & Delpy (1995)	This book serves as a how to do on sport event management and marketing No real emphasis on a structured sport marketing approach Links some marketing and communication techniques such as merchandising and media relations to sponsorships, personality or athlete marketing to event marketing
Schaaf (1995)	Events need sponsors for financial subsidy and publicity; and sponsors need events for promotional exposure and opportunity (p 53)
Helitzer (1996)	No real definition - only examples and applications
Pitts & Stotlar (1996)	Applies the 4P's to sport marketing although media relations and sponsorships are discussed in separate chapters. Argue that sponsorship offers a number of advantages over more conventional advertising techniques - makes the sponsor more people orientated and is longer lasting in terms of its commitment than advertising (p 252).
Schlossberg (1996)	Discusses sports sponsorship as a tool for a marketing plan. Also discusses latest trends in sports marketing such as ambush marketing and fantasy marketing. No discussion on a sport marketing mix.

Author	Focus on sponsorship
Shilbury, Quick & Westerbeek (1998)	<p>They define the promotion mix to consist of advertising, public relations and publicity, sales promotion, personal selling, face-to-face presentation and telemarketing (direct marketing?) and promotional licensing but also have a different chapter on sponsorship.</p> <p>Sponsorship is defined as a business relationship between a sponsor and a beneficiary which offers in return some rights and association that may be used for commercial advantage (p 197)</p>
Shank (1999)	<p>Includes advertising, media, personal selling, sponsorship, sales promotions, and public relations in the promotion mix.</p> <p>Defines sponsorship as investing in a sport entity to support overall organisational objectives, marketing goals and/or strategies (p 368).</p>
Pope & Turco (2001)	<p>This text focuses on event marketing and therefore emphasises the sponsorship of events</p> <p>Their definition is: Sponsorship is the provision of resources by an organisation (the sponsor) to the sponsee to enable the latter to pursue some activity in return for benefits contemplated in terms of the sponsor's promotion strategy, and which can be expressed in terms of corporate, marketing or media objectives. Advertising, direct marketing, sales promotion, PR/publicity and personal selling are included in the marketing communication mix for events but a sponsorship management process is discussed separately.</p>

Some of these authors such as Brooks (1994) (strategic sponsorship planning); Schaaf (1995); and Schlossberg (1996) acknowledge sponsorship's importance although they do not really identify a structured sport marketing strategy, programme or mix and by implication where sponsorship exactly fits in. Stotlar (1993) supports the traditional marketing mix and Mullin *et al* (1993 and 2000) extend the traditional marketing mix to specify a sport marketing mix. Shilbury *et al* (1998) and Shank (1999) expand their discussion to apply strategic marketing applications to sport marketing. Most authors agree that sport sponsorships hold commercial benefits and that it fits into corporate strategy but there seems to be no common definition for sport sponsorship. There seems to be agreement that sponsorship is an added variable to the marketing communication mix. Mullin *et al* (2001:254) and Shilbury *et al* (1998:5) seem to disagree about the definition of promotional licensing.

Brooks (1994:159-278) focuses very heavily on the "how to" of sport sponsorships management, while Mullin *et al* (1993: 266 and 2000:342) emphasise the cross-impact between sponsorship and other forms of marketing communication which will be addressed later in this chapter.

4.4.3 Definitions from other marketing and marketing communication text books, journals, and periodicals

Scanning comments of experts in marketing communication text books, journals and periodicals illustrate that they also have various views on what sport sponsorship is.

a) As a business relationship

Sport sponsorship is defined by Sleight (1989:4) as a business relationship between a provider of funds, resources or services and an individual, event or organisation which offers in return some rights and associations that may be used for commercial advantage.

Jobber (1995:274) argues that sport sponsorship takes place when a payment is given in return for some (business) consideration or benefit.

Dibb, *et al* (1994:389/390) define sport sponsorship as financial or material support of an event, activity, person, organisation or product by an unrelated organisation or donor in return for prominent exposure of the sponsor's generosity, products or brands,

b) As a means of promotion

Hart (1988:135) defines sponsorships as a means of promotion that is a deliberate financial support given to an event to achieve brand awareness, enhance corporate image, increase goodwill, and raise employee morale. Coulson-Thomas (1990:285) mentions sponsorship as part of sales promotion - to put a name across and promote an image.

Adcock *et al* (1995:263) view sport sponsorship as a form of sales promotion that creates publicity opportunities. Wilmshurst (1995:284) discusses sport sponsorship as an important promotion form in itself, and Siegel (1996:404 & 432) mentions sport sponsorship as a promotional option.

c) As an association

Shimp (1997:11) regards sport sponsorship as the practice of promoting the interests of an organisation and its brands by associating the organisation with a specific activity or event such as a tennis tournament. Objectives of such a sponsorships are increased sales volume, enhancing corporate and brand image and increasing brand image (p 561).

Wilmshurst (1993:367) defines sport sponsorship as financial or material association by an organisation for some independent activity such as sport "not usually related" to the organisation's normal business but support from which the organisation would hope to benefit. This definition shows a lack of appreciation for the fact that some organisations endeavour to permanently associate themselves and their "sport-related products" or services by association - e.g. The Wesbank Saloon Car Championship or the Speedo National Swimming Championships. This association would inhibit encroachment from Wesbank's and Speedo's direct competitors.

Summarising the above views, sport sponsorship is therefor:

a business relationship which is based on an association between sponsors and sponsees with some promotional objectives in mind. This summary still does not cover some problems underlying sport sponsorship definitions.

In order to eliminate some of the problems with definitions implied earlier in this section, Sandler & Shani (1993, 38), offer the following definition:

The provision of resources (eg., money, people, equipment) by an organisation directly to an event or activity in exchange for a direct association to the event or activity. The providing organisation can then use this direct

association to achieve either their corporate, marketing, or media objectives – their view that different types of objectives exist, should be noted.

A problem with this definition is that it does not specify the activity of sponsoring a team or individual. It does however, strictly categorise the nature of the support, a failing according to Pope (1998:1) of some other definitions (e.g. Gardner & Shuman, 1986:11; Armstrong, 1988:97; and Hoek *et al*, 1990:87).

d) Towards a more comprehensive definition

Pope's (1998:1) definition of sponsorship is suggested to be more encompassing than those above and reads as follows:

Sponsorship is the provision of resources (e.g., money, people, equipment) by an organization (the sponsor) directly to an individual, authority or body (the sponsee), to enable the latter to pursue some activity in return for benefits contemplated in terms of the sponsor's promotion strategy, and which can be expressed in terms of corporate, marketing, or media objectives.

Before this definition is modified to a definition of sport sponsorship Mullin *et al*'s (2000:255) definition should however be revisited. It reads as follows: "a wide array of activities associated with a communications process that is designed to utilise sport and lifestyle marketing to send messages to a targeted audience". This definition is very wide and not as direct as that of Pope (1998:1) but it directly mentions a sport application. Their subsequent discussion on aspects that may be included in sponsorship agreements leads to a more comprehensive entity if it is combined with Pope's definition.

It is therefor suggested that academics, scholars, sport marketers, sponsors, and sponsees should regard Pope's (1998:1) definition as the most comprehensive definition of sport sponsorship. Furthermore, academics, scholars, sport marketers, sponsors, and sponsees should also be familiar with the following aspects which Mullin *et al* (2000:255) suggest should be included in any sponsorship agreement or contract:

- The right to use a logo, name, trademark, and graphic representations signifying the purchaser's connection with the product or event. These rights can be used in advertising, promotion, publicity, or other communication activities employed by the purchaser.
- The right to an exclusive association within a product or service category.
- The right of entitlement to an event or facility.
- The right to use various designations or phrases in connection with the product, event, or facility such as "official sponsor", "official supplier", "official product", "presented by", or "official broadcaster".
- The right of service (use of the product or exclusive use of the product) or the right to use the purchaser's product or service in conjunction with the event or facility.
- The right to conduct certain promotional (marketing communication) activities, such as contests, advertising campaigns, or sales-driven activities in conjunction with the sponsorship agreement.

This view illustrates that every aspect of the sponsorship agreement or contract should be professionally managed - nothing should be taken for granted.

Adapting Pope's (1998:1) definition to apply to sport would lead to the following formulation:

Sport sponsorship is the provision of resources (e.g., money, people, equipment) by an organization (the sponsor) directly to a sponsee (e.g. sport personality, sporting authority or sport body or code), to enable the sponsee to pursue some activity (e.g. participation by the individual or event management by the authority or sport body or code) in return for rights (as expressed by Mullin *et al* (2000:255) to be included in a sponsorship agreement) contemplated in terms of the sponsor's marketing communication strategy (cross-impact and leverage between sponsorship and other marketing communication variables employed

before, during, and after the sponsorship campaign), and which can be expressed in terms of corporate, marketing, sales and/or media objectives and measured in terms of linking the objectives to the desired outcome in terms of return on investment in monetary and non-monetary terms.

The last part of this definition, which is underlined, will be prominently highlighted in Chapter 5.

At the end of this section the following summary is offered:

- Sponsorship spending has escalated in the past two decades.
- The Olympic Games is one of the main contributors in sponsorship growth.
- South African sponsorship spending has risen by huge amounts and doubled from approximately R500 million in 1996 to over a R 1 billion in 1999.
- Sponsorship is a business relationship between sponsors and sponsees.
- An adapted combination of Pope's (1998:1) sponsorship definition with the sponsorship agreement or contract aspects defined by Mullin *et al* (2000:255) is offered to academics, scholars, sport marketers, sponsors, and sponsees as a comprehensive definition that should enhance their understanding of sport sponsorship as a theoretical construct.

What has to be critically examined now is **how** sponsors need to manage their provision of resources to sponsees, to maximise the benefits they aim to receive through their marketing communication activities, and which should be expressed in terms of corporate, marketing, or media objectives. Three distinct aspects emerged here: **objectives, marketing communication activities**, and benefit maximisation (that last aspect implies conducting **evaluation procedures**). A brief overview on broad views on sponsorship research is required to find references to the relationship between these three aspects.

4.5 Research perspectives on sport sponsorship management and decision-making

A review of broad sponsorship research is important, since it enables both an assessment of progress to date and an analysis of the assumptions on which the research is based. The discussion in this section is primarily based on the views of four authors (Pope, 1998; Hoek in Kitchen, 1999; and Cornwell & Maignan, 1998) who, it is submitted by this researcher, have managed to summarise past and current research perspectives in a comprehensive, yet condensed format. In this section this researcher has further condensed and summarised the work of these authors to indicate certain research approaches. Chapter 5 contains a more specific analysis of views, comments, and research on **objectives, marketing communication activities, and evaluation.**

4.5.1 Pope's (1998) views on sponsorship research

Views on the lack of research haven't changed much from 1988 to 1998 – **those years as illustrated in Table 4.1, where sponsorship spending has increased significantly.** Gilbert (1988:6) states that a "scan of the literature will show that sponsorship has extremely limited coverage". Hoek, Gendall and West (1990:88) describe an "...absence of a coherent body of research..." as a "...feature of sponsorship". Pope (1998) states that similar comments on the lack of proper research on sponsorships can be found in Sandler and Shani (1989:9-14), Javalgi *et al* (1994:47-58), Meenaghan (1994:77-88), and Copeland, Frisby & McCarville (1996:32-48).

Meenaghan (1994:77) mentions that research priorities before 1994 seemed to have focussed on: ambush marketing, sponsorship's role in the communications mix, sponsorship selection, corporate image creation through sponsorship, and sponsorship evaluation.

Pope (1998:1) argues that these comments had related to sponsorship purely from an academic point of view. Kuzma *et al* (1993:28) argue that the practice of sponsorship by marketing practitioners has developed by trial and error and that much has been learnt in this manner. "Only in recent years have academicians and consultants turned their attention to studying corporate sponsorship in a systematic way and publishing their results in a public forum". This might indicate that practitioners, due to the lack of academic postulation and model-building by academicians, had to precede theory and develop their own sponsorship management and decision-making skills from their continuous ongoing experiences.

Sandler & Shani (1993:39) describe published work on sponsorship as "war stories". Where this type of work has been reported it has concentrated on "macro-level issues, such as which companies sponsor events and what their objectives are. Micro-level issues, such as sponsorship's effect on the consumer, have been largely ignored. Other questions to be asked are: Can consumers correctly identify sponsors? How do consumers feel about sponsorship and does it influence their purchase behaviour (a measurable effect that can be evaluated)?".

According to Pope (1998:1) one reason for relationships between variables (perhaps relationships between different marketing communication activities and/or relationships between objective-setting and evaluation) not having been established lies in the methodologies used by previous researchers. He argues that most work in the area has been descriptive (Gross, Traylor and Shuman, 1987:9-13; Armstrong, 1988:97-103; Gilbert, 1988:6-9; Abratt & Grobler, 1989:351-362; Hoek, Gendall and West, 1990:87-95; Witcher, Craigen, Culligan & Harvey, 1991:13-33) or prescriptive (Mescon & Tilson, 1987:49-61; and Ansett, 1989:audio cassette).

Pope (1998:1) reports that some researchers have used more sophisticated methodologies such as multivariate analysis (Stotlar & Johnson, 1989:90-102; Pope & Voges, 1995:11-18), but this work has been concerned with specific aspects of sponsorship, for example stadium signage recognition, and to date

such methods have rarely been employed to establish relationships at the macro level of sponsorship activity.

4.5.2 Hoek's views (in Kitchen, 1999) on sponsorship research

In a text by Kitchen (1999:361-380), Hoek argue that although sponsorship is a comparatively new promotion tool when compared to more traditional marketing communication media, such as advertising, it already accounts for a, perceived to be, sizeable proportion of some companies' overall promotion budgets, and many (Javalgi *et al*, 1994:47-58; Meenaghan, 1996:103-113; Lee, Sandler & Shani, 1997:159-169) expect this figure to rise further.

From its origin as a form of corporate philanthropy or patronage designed to do little more than foster senior managements' interests, sponsorship has evolved into a sophisticated and highly competitive promotion activity (Mescon & Tilson, 1987:49-61; Gross *et al*, 1987:535-562; Witcher *et at*, 1991:13-33). Meenaghan (1999:36) clearly recognized the financial return expected of sponsorship when he defined it as "an investment in cash or kind, in an activity, in return for access to the exploitable commercial potential associated with this activity" – again commercial objectives and some form of evaluation is implied.

Unlike corporate patronage which simply entails donating money or other supplies to a beneficiary with no expectation of a return (other than the beneficiary's gratitude), Hoek (in Kitchen, 1999:362) argues that sponsorship is a commercial transaction where both parties anticipate a financial return. The beneficiary clearly receives direct funds, while the sponsor's expectations are ultimately measured in terms of consumers' perceptions and change in attitudes or buying patterns. Under sponsorship arrangements, both parties will normally have clearly defined outcomes that they believe the sponsorship will achieve.

Yet, despite sponsorship's growing popularity, aspects of its management remain poorly defined, and it remains without a rigorous theoretical framework

(Gardner & Shuman, 1987:11-17). Hoek (in Kitchen, 1999:362) emphasises that early research by Meenaghan (1991:35-49) and Witcher *et al* (1991:13-33) indicated that, while managers set clear sponsorship objectives, few evaluated the outcome of their investment. Indeed, Bowey (1988:75) described sponsorship evaluation as 'notoriously difficult', and Farelley, Quester & Burton (1997:170-182) noted that, even in the more sophisticated North American market, there was a lack of attention given to performance measures.

In general, while some studies have noted increases in the proportion of managers undertaking systematic evaluations, a surprising proportion of managers still rely on ad hoc procedures, such as informal client feedback (Marshall & Cook, 1992:307-324). This lack of evaluation may be a direct consequence of sponsorship's rather questionable theoretical framework: if academics and practitioners are not sure how to manage a sponsorship properly, evaluation becomes a task which is at best complex, and at worst, too difficult to contemplate.

Hoek (in Kitchen, 1999:362) emphasises that assumptions on sponsorship research should be explored further in terms of cognitive information processing models and behaviour modification theory. Although the former have dominated the marketing communication and promotion literature, the latter offer an alternative, and arguably more robust, perspective from which to explain and predict sponsorship's effects. The two different models are also used to examine sponsorship's likely effects on consumers and, on the basis of this, current evaluation procedures are themselves critically evaluated and alternatives are suggested.

Hoek (in Kitchen, 1999:374) identifies two distinct areas that merit more detailed research attention. The first is evaluation of sponsorships and the second should focus on the outcomes of sponsorships. These two areas warrant detailed attention before sponsorship's full potential as a promotion tool can be exploited. Research on these areas should illuminate relationships between sponsorship activities and affected behaviour of specific target

audiences. It is not clear whether the sponsorship itself or other supporting variables such as increased or targeted levels of advertising, sales promotion, and publicity caused behavioral changes. It is uncertain whether a sponsorship can direct a non-consumer to try a product. Or is a sponsorship only effective if the consumer is already positive about the sponsor's product or brand?

4.5.3 The views of Cornwell & Maignan (1998) on international sponsorship research

Five research streams are identified, namely: the nature of sponsorship; managerial aspects of sponsorship; measurement of sponsorship effects; strategic use of sponsorship; and legal and ethical considerations in sponsorship. Based on the definitions found by the authors it is proposed that sponsorship involves two main activities: an exchange between a sponsor and a sponsee whereby the latter receives a fee and the former obtains the right to associate itself with the activity sponsored; and the marketing of the association by the sponsor.

The last activity raises the question whether the sponsee also has the right of marketing the association, which reflects on the issue of the marketing of sport bodies and codes (as sponsees) that has been raised in the previous chapter.

The authors (p 11) also allude to the "confusion" about the distinction between sponsorship and other forms of promotional communications. Aspects such as event marketing; the difference between sponsorship and advertising; and sponsorship should be distinguished from cause-related marketing. They state that overall, the confusion in the literature shows that research on the topic is "still in an early stage of development" (p 12).

The second stream of research (managerial aspects) addresses five dimensions, namely: objectives and motivations; constituency and audience; organisational structure; personnel requirements; and budgeting. In the first

dimension objectives relating to image, sales, goodwill and awareness seem to dominate, while research does not seem to indicate which type of sponsorship is most capable of reaching diversified publics. The type of sponsorship is not as important strategically as "how the sponsorship is leveraged" (p 12).

In the third stream (measurement of effects) tracking measures and experiments seem to dominate. "The main difficulty in the evaluation of sponsorship is differentiation of its effects from those of advertising and other promotional techniques" (p14). The authors contend that overall "studies of sponsorship effectiveness have yielded inconsistent findings" (p14). They make the point that "our lack of understanding of sponsorship effects may also be the result of the historical development of sponsorships in business organisations"... "where management interests and subsequent reluctance to treat sponsorship as a promotional practice whose outcomes should be evaluated systematically" (p14).

The fourth (strategic use of sponsorship) and fifth (legal and ethical considerations) streams of research cover ambush marketing and taxation of sponsorship fees, the use of sponsorship in the promotion of undesirable products and behaviours, and the power of the sponsor over the sponsee and the sponsored activity.

Their review of sponsorship research reveal, according to Cornwell & Maignan (1998:16) the following gaps:

- a lack of a classification scheme that allows for a clear differentiation of sponsorship from other communication and promotional techniques (as also raised by the discussion in Chapters 2 and 3 of this thesis);
- poor understanding of the relationship between stated objectives and achieved results of the sponsorship;
- lack of established measures about the impact of sponsorship on different publics; and

- lack of underlying theories and conceptual foundations on which to base scholarly inquiry (the lack of discussion on sponsorship in general marketing texts and more in-depth attention in texts on sport marketing was reported in Chapter 3).

The authors make some suggestions that are summarised as follows:

- Future research should examine the strategic use of sponsorship and its integration into an overall communication strategy to overcome the proprietary nature of marketing plans - ("Qualitative research that is holistic might lead to greatest insight" (p15));
- Future research could examine whether sponsorships consistent with participant and viewer expectations about the product are recalled better than those totally unrelated to consumer experience (p 16);
- Attitudinal studies such as attitude towards the advertisement, attitude towards the brand, attitude towards the sponsored activity (p 16); and
- Future research that focus on brand equity (brand awareness and image); integrated marketing communications (effects of integration); relationship marketing (the authors are discussing public relations effects and use the term "relationship marketing" to define them - in Chapter 2 the issue was raised that the term public relations have confusing alternatives);

The views of Pope (1998) in section 4.5.1; Hoek (in Kitchen, 1999) in section 4.5.2; and Cornwell & Maignan (1998) in section 4.5.3, allude to the existence of inadequately researched relationships between sponsorship objectives, sponsorship activities, and sponsorship evaluation. In the next chapter views from a wide range of sources on these aspects will be combined to create a proposed framework to aid marketers' understanding of sport sponsorship management and decision-making.

4.6 Conclusion

In this chapter the following aspects were discussed:

Historical perspective on sport sponsorship growth, the South African sport sponsorship scenario, defining the term "sport sponsorship", and an overview of past and current research. This research suggests that theoretical and scientific modelling are required to enhance sponsors' understanding of sport sponsorship management and decision-making with particular reference to relationships between sport sponsorship objectives, sport sponsorship activities and sport sponsorship evaluation procedures.

It is also suggested that academics, scholars, sport marketers, sponsors, and sponsees should regard the adaptation of Pope's (1998:1) definition as the most comprehensive definition of sport sponsorship. This adaptation lead to the following formulation:

Sport sponsorship is:

- **the provision of resources (e.g., money, people, equipment) by an organization (the sponsor);**
- **directly to a sponsee (e.g. sport personality, sporting authority or sport body or code);**
- **to enable the sponsee to pursue some activity (e.g. participation by the individual or event management by the authority or sport body or code);**
- **in return for rights (as expressed by Mullin *et al* (2000:255) to be included in a sponsorship agreement); and**
- **contemplated in terms of the sponsor's marketing communication strategy:**
 - ***cross-impact and leverage between sponsorship and other marketing communication variables employed before, during, and after the sponsorship campaign;***
 - ***which can be expressed in terms of corporate, marketing, sales and/or media objectives; and***

- ***measured in terms of linking the objectives to the desired outcome in terms of return on investment in monetary and non-monetary terms.***

Furthermore, academics, scholars, sport marketers, sponsors, and sponsees should also be familiar with the aspects which Mullin *et al* (2000:255) suggest should be included in any sport sponsorship agreement or contract.

In the following chapter a theoretical framework that depicts sport sponsorship management and decision-making will be developed.

As an extraction from this framework an additional theoretical framework that illustrates the relationship between sport sponsorship objectives, leveraging and integration of marketing communication mix elements into the sport sponsorship, and sport sponsorship evaluation will be discussed.