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MASTER OF BUSINESS ADMINISTRATION

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**A STUDY OF THE ISSUES AND
EFFECTIVENESS OF SPONSORSHIP IN
SPORT**



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in sport

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1.0 SYNOPSIS

Sponsorship is fast becoming an important component of a company's marketing mix. With worldwide expenditure of almost \$US10 billion annually on sponsorship, ranging from sports events to rock concerts, there is an increasing drive to maximise the value of a sponsorship with appropriate marketing strategies.

A literature search for appropriate theoretical information for planning, implementing and evaluating a successful sponsorship strategy revealed that there has been little research done on this increasingly important part of a company's marketing mix.

While there has been little theoretical research on this topic, those who have provided the research are regarded as experts in the field. The International Events Group (IEG) in Chicago are regarded as world leaders in the sponsorship industry. Access to various IEG publications has provided this study with credible theoretical research. Likewise, The Sponsorship Unit in Australia is generally regarded by peers and organisations as leaders of the sponsorship industry in this country. Information provided by The Sponsorship Unit has contributed greatly to a thorough understanding of the topic.

Through the literature review, there is little doubt that sponsorship of sport can provide companies with a very successful marketing and communications tool. Like most business decisions, a sponsorship must be carefully assessed, supported internally, monitored and evaluated against measurable objectives in order to determine its success. It appears that the majority of sponsorships fail when one or more of these factors are missing.

From the nineteen interviews conducted with representatives of companies involved with sponsorship of sporting events, it appears that many companies are only now understanding the importance of sponsorship as a marketing tool. While there are still various sponsorships which exist because the boss is in favour of that particular event, the level of accountability for sponsorship investment has risen dramatically in recent years. With this has come an increased need for the property (a property is the exploitable entity, often referred to as the sponsee, rights holder or seller) to provide the sponsor with a value for money return.

While there is little theoretical information available, market research accessed shows that the great majority of people surveyed (97%) believe that sponsorship of events such as the Olympic Games is a good idea. Relatively few people (18%) believe that too much money is spent by companies on sponsorship, while one in five (20%) hold the view that there is too much sponsorship of sport specifically (Brian Sweeney & Associates, 1994 (a)).

Analysis of data available from market research shows that sixty-six percent of people hardly notice who sponsors what - an indication that sponsorship may not always provide the publicity it is intended to (Brian Sweeney & Associates, 1994 (a)).

While there is some doubt raised through market research on community attitudes towards sponsorship of sport, the majority of company executives interviewed believe that sponsorship is a largely successful part of their company's marketing mix.

The company executives argue unanimously that choosing the right sponsorship, and backing that up with the correct advertising and promotional support, can be much more successful in the attainment of corporate objectives than more traditional forms of advertising and marketing.

Sporting bodies such as the International Olympic Committee rely on sponsorship and television broadcast rights to stage events such as the Olympic Games. As important as attracting sponsorship to fund these events is providing sponsors with a value for money association with the event. Ambush marketing, the unauthorised association by companies of their business or brands with a sporting event, is becoming an increasing source of frustration for these sporting bodies and for those companies who pay for the right to have exclusive association with the event.

While ambush marketing is used often by companies, a sporting organisations' efforts in thwarting the opportunities for ambush marketing will enhance the value of the event to current and future sponsors. Many sponsors are now sponsoring only those events which they can 'own' exclusively to protect themselves from ambush marketing.

The purpose of this study was to examine existing sponsorship arrangements between properties and sponsors to find the most effective framework for sponsorship selection, management and evaluation.

The methodology used to conduct the research was by way of interviews with leading sponsors, properties and consultants in the sponsorship industry. The results of these interviews were compared against literature researched on the subject.

The research conducted was important in that it showed the difference between the most effective theoretical application of sponsorship in sport and what actually happens when the theory is not or cannot be put into place. Company size, available resources, importance of the sponsorship to management and the professionalism of the sponsored property itself all influence the overall effectiveness of the sponsorship in achieving objectives.

In conclusion, the study shows that very few organisations involved in the sponsorship industry follow to detail the theoretical framework for best practice. There are so many other variables which affect the effectiveness of sponsorship that comparison between organisations is difficult. There is little doubt, however, that if these organisations used a framework to effectively manage sponsorship, the return on objectives would certainly be more effective.

2.0 INTRODUCTION

In 1994, more than 4,500 North American companies spent more than US\$4.5 billion on sponsorship. Worldwide spending approached US\$10 billion. These numbers are fees paid for sponsorship rights only. They don't include 'below the line' expenditure for advertising and promoting the sponsorship to the market (IEG, 1995).

The level of sports sponsorship in Australia since 1990 has been equally remarkable. According to Sydney-based research organisation Sponsorship Market Group, total sponsorship was about \$160 million in 1990. The figure for 1994 was expected to reach \$510 million, with \$650 million forecast for 1995. Broadcast sponsorship and back-up promotions will push the figure over \$1 billion in 1995 (Richardson, 1994).

With continued growth expected in sponsorship and sports marketing well into the next century, the search for the most effective sponsorship investment could almost be classified as an Olympic event itself.

Studies show that as much as seventy five percent of an estimated \$US10 billion spent on sponsorship worldwide is ineffective (De Vous, 1994). Growing accountability to stakeholders has resulted in a more professional approach to sponsorship in recent years.

The increasing role sponsorship plays in the marketing mix of many companies, from multinationals to small businesses, makes it necessary to research the factors which make up an effective sponsorship and how those factors can be put into effect for the benefit of both the business and the sport or event being sponsored. 3

This report analysed the literature on sports sponsorship to provide a theoretical approach to the most effective sponsorship process. From why companies sponsor sporting events, how they select which events to sponsor, how the sponsorship is managed, sponsorship evaluation to why some sponsorships fail, the report provides an overall review of the sports sponsorship business. }

The sponsorship roles and procedures of nineteen companies are discussed and compared with a theoretical framework of sports sponsorship. Nine of these companies are involved in sponsorship of sporting events and teams. Five companies are among properties which attract such sponsorship, while the other five companies are involved in sponsorship research, evaluation and development.

The report identifies the most effective method of sponsorship in theory, and discusses how it relates in practice to the real world.

3.0 LITERATURE REVIEW

The literature review evaluated the literature available on the subject of sponsorship in sport. This evaluation helped define the sponsorship evolution as a marketing tool and its effect on sport. The review also provides a framework for defining and measuring an effective sponsorship.

3.1 SPONSORSHIP - A DEFINITION

Sponsorship can be defined as a mutually beneficial commercial arrangement. The sponsor provides money (or goods and services) for an agreed return, which may, for instance, be the association of the business name or logo with a sporting or artistic event. Sponsorship is, therefore, understood to be a conscious endeavour by a business to further its own legitimate commercial ends while at the same time benefiting the event.

Geldard & Sinclair (Creating Successful Sponsorships, 1993) define sponsorship as the 'purchase of the, usually, intangible exploitable potential (rights and benefits) associated with an entrant, event or organisation which results in tangible benefits for the sponsoring company.'

Although the recipient of sponsorship may sometimes be a non profit organisation, sponsorship should not be confused with philanthropy. Philanthropy is support of a cause without any commercial incentive. Sponsorship is undertaken for the purpose of achieving commercial objectives (Ukman, 1995).

Sponsorship is also not advertising. Advertising is the direct promotion of a company through space or air time bought for that specific purpose. Advertising is a quantitative medium. Sponsorship, on the other hand, is a qualitative medium. Sponsorship promotes a company in association with the sponsee (IEG, 1995).

Sponsorships can be broken down into two broad categories: marketing and corporate. These two categories are defined by Geldard & Sinclair (1993) below.

Marketing Sponsorships. The majority of the sponsorships being signed in the 1990s are marketing sponsorships. These involve the provision of cash or contra (provision of goods or services in lieu of cash), or a combination of both, in return for access to the exploitable potential associated with an entrant, event or organisation. Marketing sponsorships are used primarily to promote products and services to targeted market segments, to reinforce a product brand, or to promote sales activities. Marketing sponsorships can also be used as an extension to advertising for ensuring brand recognition.

Marketing sponsorships are entered into for the sole reason that the sponsorship will have a positive quantifiable effect on the company's bottom line. For example, an insurance company may sponsor a sporting event to promote its products and services to a particular target market.

Corporate Sponsorships. Generally, corporate sponsorship is the provision of financial or material support by a company for an independent activity not directly linked to the company's normal business. Corporate sponsorships are generally national or state sponsorships of major events or organisations. For example, Telstras' sponsorship of the Australian Olympic Team is seen as a way of building positive perceptions of Telstra in the market.



Corporate sponsorships are entered into for a variety of reasons, including:

- reinforcing the public's positive perceptions of a company through positive media exposure and association with the sponsored property's image;
- communicating key corporate messages to defined target audiences;
- supporting and reinforcing a company's corporate image;
- building and maintaining the desired image of the company's identity;
- providing opportunities to entertain key clients, opinion leaders and people with significant political and bureaucratic leverage;
- supporting a worthy cause over prolonged periods;
- generating recognition within the general community that the company is a good corporate citizen.

3.2 THE SPONSORSHIP EVOLUTION

Although sports sponsorship goes back over one hundred years, it was not of any great significance until the mid 1960s. Two factors were of particular importance in the emergence of sports sponsorship as a major force in marketing. They were the development of television sport in the 1950s and 1960s; and the banning of cigarette advertising on television in the 1980s(Whannel, 1992).

Just as the growth of air travel in the 1960s was making sport more international, so the spread of communication satellites gave television live access to international events around the world. In 1964, the Tokyo Olympics were broadcast live to 39 countries. Technological advances in video editing, slow motion action replay, and high quality colour gave a great boost to the spectacle of existing televised sports and led to the successful promotion of new sports (Whannel, 1992).

While not all sponsorship came from cigarette firms, companies including Rothmans, John Player and Benson & Hedges led the way in the emergence of sponsorship as a marketing medium.

Early sponsorships were often arbitrary and established on the whim of senior management executives, while advertising departments were unenthusiastic. Only gradually did sponsorship become part of a comprehensive promotional strategy.

In the early 1970s one-third of all sponsorship came from tobacco companies. As sponsorship proved its worth as a device for marketing and for establishing a corporate image, tobacco and alcohol companies were joined in increasing numbers by financial institutions (Whannel, 1992).

Sponsorship adopted by companies for pragmatic and commercial reasons was guided by three main criteria. According to Whannel (1992), they were:

- The ability of a sport to attract media coverage;
- A link between the sponsor and the sponsored regarding the product, the product image or the corporate image;
- The demographic profile of participants or spectators of the activity.

The latter part of the 1970s and early 1980s became a golden age for sports sponsorship. On the one hand business firms were searching for new ways of upgrading their public image and promoting their products. On the other hand, sports organisations were searching for extra cash to satisfy their plans for expansion and for greater international competitiveness. By 1980, business was contributing \$50 million into sponsorship of sports leagues, associations and clubs (Whannel, 1992).

While sports sponsorship continued to grow in the 1980s, it also drew out a number of critical reviews of its effectiveness for the sponsoring organisation. Advertising agents

consistently argued that sports sponsorship was not cost effective and that it failed to generate additional sales. They viewed sponsorship as good advertising money gone bad.

A study of sports sponsorship undertaken by the public affairs division of Mayne Nickless in 1982 concluded that most sponsorship could deliver no more than an increase in awareness, the lowest form of marketing message (Whannel, 1992).

Notwithstanding claims by the advertising industry that sports sponsorship often constituted an ineffective form of corporate investment, sponsorship continued to grow. By the end of the 1980s, Australian business was contributing more than \$150 million per year into sports sponsorship (Oxford University Press, 1992). A study undertaken by the Australian newspaper and Clemenger Advertising found that the most favoured sports for corporate sponsors in the 1980s were, in order of level of support, motor racing, golf, cricket, Australian Rules football, rugby league, tennis, sailing, soccer, snooker, squash, bowls, surfing and field hockey (Oxford University Press, 1992).

3.3 SPONSORSHIP'S EFFECT ON SPORT

According to The Oxford Companion to Australian Sport (1992), sponsorship has not only added a new dimension to the financial structure of Australian sport, it has also helped to transform the structure and practice of the 'games' themselves.

In cricket, a combination of sponsorship, television broadcasting and entrepreneurial initiative led to the replacement of the five-day Test match by the limited over one-day game as the most popular form of the sport. A number of rule, equipment and clothing changes were made, all to meet the need to provide fans with exciting, colourful and free-flowing entertainment, and in a time span convenient for television stations and advertisers.

The influence of corporate sponsorship and associated television broadcast rights also affected the form and structure of tennis. Not only did the method of scoring change, but the traditional apparel of all white was replaced by multi-coloured dress, often covered with sponsor logos (Oxford University Press, 1992).

The strategy to support a sports marketing campaign is as critical to a corporate sponsor as the sport or event selected. Many companies, from giant corporations to smaller regional firms, fail to effectively use their sports sponsorship, and so fail to reap the tangible benefits at the finish line.

It has been estimated that up to 75 percent of sponsorship campaigns end up lost in the clutter of sports advertising and promotion during the actual event. Many companies pay the high entry price, then question what to do with the sponsorship rights (DeVous, 1994). They have no preconceived idea or plan to leverage the sponsorship to achieve company objectives.

3.4 THE GROWTH IN THE SPONSORSHIP INDUSTRY

During an era in which corporate investment in traditional forms of mass communications has stagnated, spending on sponsorship is continuing to grow at the same pace as it did during the late 1980s. During the eighties, the growth in sponsorship spending outpaced spending on traditional media by 2 to 1 (Barr, 1993).

Given that event sponsorship accounts for only about 1.6% of the \$233 billion American firms spent on marketing in 1993, sponsorship is not a major player in the overall marketing mix (Kindel, 1993).

Yet while other forms of marketing have either levelled off or are in decline, spending on event sponsorship has been growing at better than 17% a year since the late 1980s (Kindel, 1993).

Changes in the economy, demographic shifts and the fragmentation of media have all contributed to sponsorship's growth. Factors behind the growth, according to IEG's Complete Guide To Sponsorship (1995), include the following:

- Decreasing efficiency of measured media advertising. Costs for traditional advertising continue to increase, while ratings and readership decline. On top of that, consumers are paying less attention to advertisements. The bad news for measured media advertising only promises to get worse, as the digital future puts more decision making power into consumers hands. Sponsorship, on the other hand, provides opportunities for embedded advertising, where messages can be incorporated right into the action.
- Changing social priorities. As social issues such as the environment gain in importance, there is a growing realisation that the needs of society and the interests of business overlap. Buyers are demanding to know where a company stands before they purchase its products. Sponsorship, which allies companies with community responsibility and improved quality of life, is precisely the kind of statement consumers will respond to.
- Increasing need for two-way communication. Companies are looking for alternative methods to communicate sales messages. The idea is to find delivery systems that allow companies to deepen their relationship with customers. Sponsorship, which is the most direct channel of communication, is tailor-made for such an environment. Sponsorship reaches people in an environment that matches their lifestyle rather than intrudes upon it.
- High consumer acceptance. While traditional media is less effective than ever, and new media such as phone solicitation and direct mail are considered an invasion of privacy, public response to sponsorship has been overwhelmingly positive. Sponsorship is viewed favourably because it is seen as a form of advertising that gives something back, that benefits someone else in addition to the marketer.

While companies are increasingly seeing the benefits sponsorship can bring to their corporate objectives and bottom line, not all companies are increasing their funding of sponsorships. For some companies, re-evaluation has led to reduced expenditure.

Both Toyota Motor Corporation and Qantas have announced plans to reduce their investment in sports sponsorship (Shoebridge, 1995). Earlier in 1995, Geoff Dixon, group executive general manager at Qantas told the Sydney Morning Herald: "We are progressively pulling out of sponsorships. We don't really see the value. We do get a lot better response out of straight TV or newspaper and magazine advertising than we do out of paying a lot of money for what I'd call somewhat esoteric sponsorships" (Shoebridge, 1995).

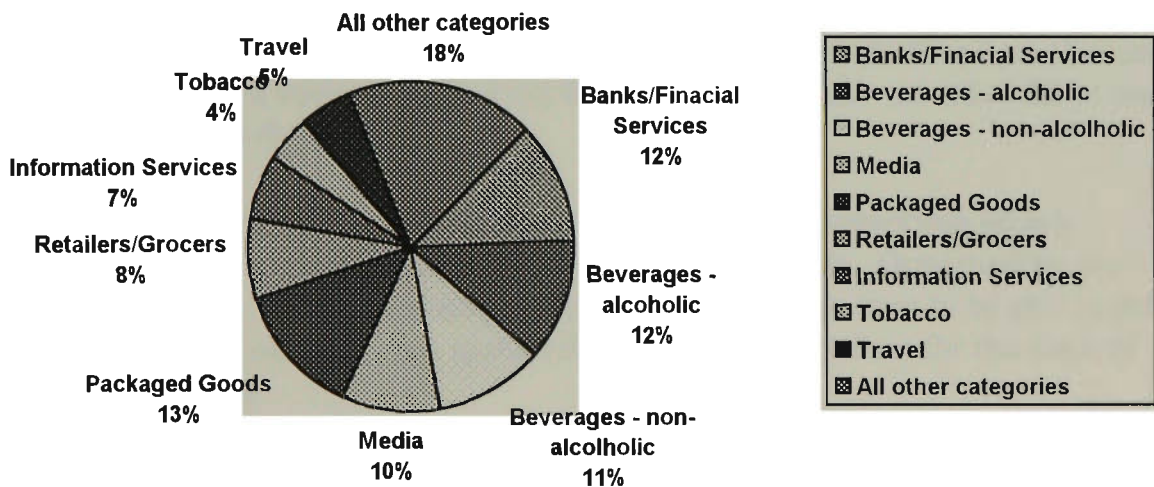
Carlton & United Breweries was one of Australia's biggest sports sponsors in the late 1980s and early 1990s, but over the past year has cut its annual budget from \$15 million to an estimated \$7 million and abandoned deals that gave it the naming rights to big events such as the Australian Formula One Grand Prix and the Australian Football League (Shoebridge, 1995).

3.5 WHO SPONSORS?

While tobacco companies, and later beer and financial service companies, were the first industries to become involved in sponsorship, today the biggest users include packaged goods and retail services (IEG, 1995).

Figure 3.1 Most active business categories in sponsorship

* Source: IEG Sponsorship Report (1995)



In Australia, a handful of major corporations spend in excess of ten million dollars a year on sponsorship, according to Geldard & Sinclair (1993). The biggest spenders are the tobacco companies, brewers, beverage producers, car manufacturers, government business enterprises, airlines and banks.

3.6 WHY COMPANIES SPONSOR

Companies do not use sponsorship to replace advertising, public relations or sales promotion campaigns. The benefits sponsorship offers are quite different and the sponsorship medium works best as part of an integrated marketing communications effort that includes the use of all marketing methods (Ukman, 1995).

While companies use sponsorship for many different reasons, the following are among the most common (Ukman, 1995):

- To heighten visibility. The wide exposure events enjoy in both electronic and print media provides sponsors with many publicity opportunities. For many companies the cost of purchasing the TV and print exposure their sponsorships garner would be unaffordable.

To shape consumer attitudes. Brands with huge advertising budgets and high unaided recall do not need sponsorship to generate visibility. Instead, they often sponsor for the lifestyle association the sponsored property represents. They are looking to the event to have a rub-off effect on their image and ultimately their sales. Consumer attitudes are hard to change. The more a brand is part of events that are part of a consumer's lifestyle, the more the company can affect his or her attitude toward the product.

- To communicate commitment to a particular lifestyle. Sponsorship allows companies to hone in on a niche market without any waste. Opportunities are divisible by age, income, geography and gender. It is important to be able to define a sponsorships audience, and sponsorships are an ideal medium for this form of niche marketing.
- To assist business to business marketing. Sponsorship of all types can be used to assist wholesalers, retailers, dealers and other intermediaries in the distribution channel, through perks such as athlete appearances in stores and event tickets in exchange for orders and in-store displays.
- To differentiate product from competitors. This objective is what is driving much of the sponsorship by service industries like banking, insurance and telecommunications. Sponsorship provides companies a competitive selling advantage because it offers opportunities for category exclusivity and can be used as a platform for creating currency with customers.
- To entertain clients. Many companies sponsor for hospitality opportunities. Events make great settings for informal networking. They are unique and desirable; two things that are absolutely necessary to entice a business contact to join you during non-business hours.

- Merchandising opportunities. Marketeers need to have relevant promotions for consumers at the point of purchase. A sports or entertainment tie can bring excitement and uniqueness to a point of purchase display and can be merchandised weeks or months in advance.
- To showcase product attributes. Sponsorship allows companies to call attention to product benefits. Ford Motor Company are heavily involved as a sponsor in motor racing to demonstrate their product in action.
- To combat larger advertising budgets of competitors. The cost-effectiveness of sponsorship relative to traditional media allows smaller companies to compete with the giants of their industry.
- To drive sales. Companies are increasingly using sponsorship as a hook to drive sales.

With the many and varied reasons for entering into a sponsorship, a company must be sure of why they are getting into a sponsorship and how they will go about selecting the right sponsorship. Having an effective sponsorship selection process in place should ensure sponsorships are selected based on meeting established criteria and objectives.

3.7 SETTING UP A SPONSORSHIP SELECTION PROCESS

Geldard & Sinclair (1993) describe the selection process companies should use to ensure a sponsorship is a worthwhile investment. They explain that a structured sponsorship selection process enables companies to select the most appropriate and cost effective property sponsorship, and can usually result in the company becoming proactive in attracting sponsorship properties.

Setting up a formal process of selecting, planning, reviewing and post evaluating sponsorship programs provides a company with a process of continuous improvement and, through the use of conclusive data, provides accountability through documenting the company's return on sponsorship investment and its impact on the bottom line (Geldard & Sinclair, 1993).

To formalise the process, Geldard & Sinclair suggest that the following documents should be written by the company. The documents only need to be written once and then regularly updated. They would include:

The sponsorship policy. This policy provides the company's ground rules for entering into sponsorship arrangements and is most valuable where multiple people are able to sign sponsorship agreements. Such a policy would ensure all sponsorships are handled in a uniform manner by the company and are assessed fairly.

A sponsorship policy document would normally contain the following information:

- the necessary approval process to sign a sponsorship deal;
- the position of the person delegated to approve the sponsorship activity;
- accountability for the success of the sponsorship property;
- how formal the contract or letter of agreement needs to be;
- the rules for valuing and paying for sponsorships, including the use of contra to pay for properties;
- a statement regarding which categories of sponsorship may be sponsored at a local and at a national level;
- detail if staff and teams can be sponsored and any relevant conditions;
- list of properties that can not be sponsored;
- state who must be informed about the signing of a sponsorship;
- identify budgets and accounts sponsorships are to be paid from;

- exclusivity requirements;
- compliance with corporate identity policy;
- prescribed levels of benefits that are required;
- criteria on which to value sponsorship properties;
- budgetary approval levels.

This information provided in the sponsorship policy, according to Geldard & Sinclair, sets the rules for entering into sponsorships and provides a level of protection against the misuse of sponsorship.

The Sponsorship Public Guidelines. These guidelines are a useful tool to combat time wasted assessing sponsorships that do not fit and should not be considered. The guidelines provide a screening process which should eliminate inappropriate requests and provide information to those suitable organisations to enable them to structure their proposal to suit the company's business needs.

The guidelines give properties detailed information on what is and what is not sponsored by the company, how to apply for sponsorship, what information is required to assess the proposal, when proposals should be submitted for consideration, and how proposals will be assessed.

Adhering to sponsorship guidelines is the best way of minimising wasted time assessing unsuitable sponsorship properties.

The Sponsorship Strategy. This is the basic approach to sponsorships within a company. The sponsorship strategy sets the overall course for achieving stated objectives and provides the foundation of all sponsorship business plans.

A corporate sponsorship strategy usually contains the following:

- a situation analysis of the company and the environment it operates within;
- the broad company objectives for undertaking sponsorship programs;
- desired target audiences including stakeholders, external and internal audiences;
- broad key messages to be transmitted by the company's sponsorship program;
- an action timetable detailing what sponsorships to purchase, cull, renew etc.;
- the overall company sponsorship budget;

- evaluation mechanisms to be employed to measure results and quantify return on sponsorship investment;

The Sponsorship Budget. This document dictates how much money is available for expenditure on property sponsorship purchase plus support expenditure for the company's sponsorship program.

A company must market its sponsorship if it is to be recognised as a sponsor. While this may seem obvious, the majority of sponsors do not fully support their sponsorships and thus fail to make consumers aware of their special connection to the sponsored event (DDB Needham Worldwide, 1992).

Creating long-term awareness of an event sponsorship is easier if the company starts its marketing program early, makes the event a major focal point of its marketing efforts, has a large advertising budget, is able to run event-related promotions and is free from ambush sponsorship marketers who are willing to spend heavily to confuse consumers.

Creating a suitable sponsorship selection process is the first step of this process. The decision of what to sponsor is the next one.

3.8 DECIDING WHAT TO SPONSOR

Traditionally, sponsorship has been the domain of sports properties. A property is defined as a unique, commercially exploitable entity (IEG, 1995). In 1984, 90 % of all sponsorship dollars went to sports. While today sport continues to command a lions share, the demand of corporations for a new and better way of communicating with their key audience has benefited every type of sponsorship (IEG, 1995).

Apart from sport, sponsorship is becoming increasingly popular in the arts, education, the environment, expeditions, community events, conferences and cause related activities.

While the reasons companies become involved in sponsorship are many and varied, the decision of what to sponsor can be equally complex, depending on the companies specific objectives. The following are specific sponsorship criteria, as offered by the IEG Complete Guide To Sponsorship (1995):

- Image Compatibility
 - does the property offer the imagery we are trying to establish?
 - is it a lifestyle with which we want to be associated?
 - is the property bigger than any sponsor or will it be possible to impose our brand's personality on the sponsorship?
 - are the co-sponsors companies with which we want to be associated?
- Audience Composition
 - who is the property's core audience and what are the group's buying habits?
 - does the audience feel a strong sense of ownership/identification with the property or is it a more casual relationship?
 - what is the extended reach of the property? On-site spectators? TV viewers? Year-round members?
 - what geographic market(s) does it impact?
- Ability to offer Retailer Incentives
 - can we offer retailers a tie-in that builds store traffic?
 - can we create multiple promotions around the sponsorship so that each competing retailer in a market can have a distinct program?

- Ability to Leverage
 - is there an opportunity for multi brand involvement?
 - can we conduct cross-promotions with co-sponsors?
 - can we integrate the sponsorship into our existing promotional campaigns?
 - can we use 'star performers' in our ad campaigns or promotions?
 - does the opportunity occur during a time we would like extra visibility?
 - what is the property's promotional time frame? Is it relevant year-round, each season or just once?
 - are there opportunities for product sampling and display?
- Media
 - is the property appealing in a positive way to the media?
 - can it draw broadcast and print coverage?
 - can we get our presence recognised?
 - can the property attract a network or cable TV broadcast?
 - will our signage show up on the TV broadcast?
- Exclusivity
 - are the areas of category exclusivity offered broad enough?
 - can we take a position with all properties within the entire sector, thereby locking out our competition, or will the expense or existing deals prevent this?
 - is the property already saturated with sponsors?
 - is the property already identified with another company in our field?
 - what are the opportunities for ambush?
- Product showcase
 - can our product be worn/used while participants compete/perform?

- is our product key to the successful staging of the event?
- does the property lend credibility to our product with hard-core fans, insiders and the media?
- Efficiency
 - does the property deliver a wider audience than we need?
 - are we paying for more than we need, such as elaborate VIP hospitality?
 - what is the relationship between the cost of the sponsorship and the value received?
 - how does the sponsorship cost compare with that of similar properties?
 - could we receive the same results more effectively through other media?
 - do we have the budget to promote our involvement properly?
- Measurability
 - does the property lend itself to measurement?
 - does the property conduct regular surveys or tracking studies on which we could piggyback?
- Continuity/Ability to Extend
 - does the sponsorship have the potential to be long term?
 - is the sponsorship something we can build on?
 - can we roll it out to other markets?
 - does the property contain spin-off opportunities?
- Ease of Administration
 - are we buying into a logistical nightmare?
 - can organisers deliver what they promise?
 - do we have the staff to properly administer the sponsorship?

- do we have the support/approval of internal management?
- is the promoter responsive to sponsor needs?
- does the promoter have credible track record?
- will the promoter work with us to capitalise on the sponsorship?
- SWOT analysis
 - what are the strengths of the property and what benefits can they deliver?
 - what are the opportunities that the property presents?
 - what are the property's weaknesses?
 - what threats or risks exist and are they minimal?
 - what are the controllable and uncontrollable factors associated with the sponsorship?

Sponsorship is no longer simply a choice between sport and the arts. A combination of cutbacks in government expenditure and the development of the ideas of corporate citizenship has meant that conservation, the environment, education, health care, adventure and exploration are just some of the other choices available for sponsorship.

As the need to justify all forms of marketing increases, corporations are becoming increasingly professional in planning the most effective sports marketing strategy before committing the significant sponsorship dollars.

While some companies fail to effectively utilise their sponsorship dollars, those that plan and execute sponsorship strategies properly are reaping the benefits.

3.9 TYPICAL SPONSORSHIP RIGHTS AND BENEFITS

Rights available to a sponsor vary with the scope of the property and the level of the sponsorship purchased. Typical rights and benefits granted by a property to a sponsor include (Ukman, 1995):

- Official sponsor designation
- Category exclusivity
- Right to use marks and logo in advertising and promotions
- ID in property's media buy
- ID in promotional and collateral materials
- Complimentary advertisement in program book
- On-site product sampling
- Exhibit/display space
- On-site product sales
- VIP invitations
- Ticket allocation
- Discount on additional tickets
- On-site signage
- Access to mailing list
- Discount on merchandise
- Title to proprietary event within larger event
- Public address announcements
- Right of first refusal to purchase ad time on event telecast
- Renewal option
- Opportunity to survey audience

3.10 PRICING A SPONSORSHIP

When a company buys a sponsorship, it is primarily buying access to intangibles, such as an association with a property and the right to promote that association.

Sponsorship assets with the highest potential value are qualitative rather than quantitative, rendering a single standard of value inapplicable.

The sum of all tangible benefits contained in a sponsorship package is almost always worth less than the fee paid. The more prestigious the property, the greater the difference between the value of the tangibles and the sponsorship fee (Ukman, 1995).

The Olympics are a good example. The Olympic sponsorship package does not include signage, commercials, athlete appearances etc. Olympic sponsors are paying for the prestige of the association, the rights to use the Olympic name and five-ring symbol and the right to associate their product with Olympic attributes.

Variables which impact on price are described in IEG's Complete Guide to Sponsorship (1995) and include:

- Tangible
 - value of on-site sampling or sales rights
 - property's media buy with sponsor ID
 - face value of tickets
 - booth/display space
 - value of program book ads
 - guaranteed non-measured media with sponsor ID
 - value of mailing list
- Intangible
 - prestige of sponsored property
 - recognisability of property marks and logos
 - level of audience interest/loyalty
- Reach/Impact

- scope of property: global, multiple countries, national, regional, major market or small market
- cost to sponsor other properties in the same market(s)
- cost to buy media in property's market(s)
- cost to sponsor comparable properties in other markets.
- Price Adjusters
 - desirability of property to sponsor category
 - impact of sponsor on co-sponsor sales
 - degree of sponsor clutter
 - susceptibility of property to ambush
 - networking opportunities with co-sponsors
 - size of sponsor's promotional commitment

With the intangible elements of a sponsorship worth so much, pricing a sponsorship can be difficult. Once both parties agree to the sponsorship price, gaining maximum value from the sponsorship requires well planned management.

3.11 MANAGING THE SPONSORSHIP

According to Geldard & Sinclair (1993), predicting and measuring the impact of a sponsorship requires the introduction of a structured selection process, the writing of sponsorship business plans, introduction of a review process and a formal post evaluation of the sponsorship.

Geldard suggest that a sponsorship business plan should include the following:

- Introduction;
- Situation analysis providing a point of reference from which to operate;
- Objectives, which must be specific, tangible, realistic and measurable. Without knowing and identifying these objectives it is impossible to implement a sponsorship support program;
- Target audiences, outlining who will be affected by the plan both internally and externally;
- Action list, detailing all happenings, events, launches, meetings etc. This list shows who will be accountable for ensuring the activities take place effectively and on time;
- Budget, detailing all the below the line costs of managing the sponsorship, including person hours required to complete each activity;
- Evaluation, detailing how achievement of objectives will be measured, and describing benchmarks to measure the projects success (refer to section 3.12).

Accurate budgeting is a major component of ensuring any sponsorship is a cost effective success. The purchase or capital cost is only one component of the budgeted expenditure. The next step is to calculate all the below the line costs which will be incurred in managing the sponsorship to achieve planned objectives (Geldard, 1993).

These support costs vary enormously from sponsorship to sponsorship. The company's objectives for the sponsorship usually set the support cost expenditure levels. These levels can range from a fraction of the purchase price up to ten times the capital outlay (Geldard, 1993).

In addition to the purchase cost, Geldard lists support costs including the following:

- legal fees
- support advertising

- signage manufacture
- promotional material
- product for sampling
- prizemoney, trophies etc.
- appearance fees
- travel
- media support
- consultants for project management
- television broadcast
- client entertainment
- evaluation fee
- staff costs

A good relationship between the property and the company is essential in effectively managing a sponsorship. The foundation for a good relationship is a tight contract which details all rights and benefits to accrue to the sponsor, payment details, renewal options and obligations of both parties.

3.12 SPONSORSHIP EVALUATION

While the huge growth in sponsorship of sport and other events has surpassed any other form of marketing activity, it has also brought with it a new mandate for accountability. Indeed, many companies are adding staff positions dedicated to event and promotion measurement (Levin, 1993).

Evaluation of any sponsorship is an integral part of the ultimate success of a sponsorship. According to Jim Crimmins, executive vice president, director, strategic planning and research at DDB Needham in Chicago, sponsors very often are measuring the wrong things (IEG Sponsorship Report, April 12, 1993).

Crimmins says "We measure what's easy, visibility, rather than what's critical, impact. The fact that people have seen our logo doesn't count for much. Does anybody remember seeing it? Does anybody mentally link my brand to the property I've paid to identify with? Is the extra cost I've paid to be seen in this particular environment worth any more than being seen on the side of a building somewhere? Does anyone know that I am bringing them this event? Does anyone care?"

According to Crimmins, these questions can only be answered by measuring impact, which he describes as the ability to positively influence consumer attitudes towards a brand in order to increase brand choice.

DDB Needham's (1992) consumer survey of Olympic sponsors around the last three Summer Olympics revealed that companies can sponsor the same event at the same level with a huge variance in impact. Using a sample of 2,600 heads of household, the agency conducted five waves of interviews - one in each of the three months before the Olympics, one during the Games and one a month after - tracking 90 sponsors and 270 of their competitors.

Respondents received a list of brands and companies in random order and checked those they thought were Olympic sponsors and which brands or companies they believed offered the best product or service in their category.

Of the 37 official United States Olympic Committee sponsors, only fifteen companies succeeded in linking their brands to the Olympics in consumers' minds (DDB Needham, 1992).

As part of a sponsorship evaluation, it is important to put all the positives, negatives and areas for improvement down on paper. This can then be incorporated into the next year's business plan (Geldard & Sinclair, 1993).

Post evaluation of the sponsorship should clearly detail whether objectives were achieved and provide an indication of sponsorship return on investment. The post evaluation will determine the accuracy of the business plan, detail the actual return on investment, and provide an indication of the performance of the management of the sponsorship (Geldard & Sinclair, 1993).

This use of a formal plan, regular review, evaluation and comparison to benchmarks provides a process of continuous improvement. This occurs when planned objectives are compared to actual results and industry comparisons and then the overall results are taken into consideration when preparing further plans (Geldard & Sinclair, 1993).

Sponsorships can be compared to national and international benchmarks, and a measured result can be obtained for sales effectiveness, changes in consumer attitudes and media exposure received.

Sponsorship can be measured. There are three broad schools of evaluation, according to IEG's Complete Guide to Sponsorship (1995). They are:

Measuring awareness levels achieved or attitudes changed. Sponsors need to address three areas when measuring awareness and attitude:

- Prior to launching the sponsorship tie, they need to determine awareness levels, attitudes and image perceptions amongst their target and set goals they expect the sponsorship to achieve.
- During the sponsorship, companies should ask themselves, "Are we on the right track?" and "Are there any strong positive or negative indicators to adjust or change?". Constant market research, particularly in the early part of the sponsorship, will gauge this.
- Following the sponsorship, they should ask, "Did we meet our goals?"

Quantifying sponsorship in terms of sales results. Sponsors must show that sponsorship makes an impact on the bottom line. Sales objectives that can be tracked include a sponsorship's ability to:

- increase sales of a product or a service to customers
- drive sales to business customers
- increase distribution outlets
- generate more product display at point of sale
- produce targeted new leads
- lock in heavy users
- boost retail traffic

Methods of tracking sales gains include:

- comparing sales for the two to three month period surrounding the sponsorship to the same period in prior years
- measuring sales in the immediate event area against national sales
- tying sales directly to the sponsored event. eg ticket discount with proof of purchase
- tracking number of outlets carrying product
- measuring customer brand preference
- tracking number of retailers/dealers participating in program
- gauging incremental sales to retailers by measuring additional case orders, display penetration, shipments, features and price reduction.

Comparing the value of sponsorship-generated media coverage to the cost of equivalent advertising space or time. This approach calls for placing a dollar value on publicity.

The first two forms of measurement require:

- a pre-sponsorship benchmark. Only an initial measurement can establish a point of comparison.
- maintaining consistent levels of advertising and other forms of marketing during the sponsorship. If several promotional variables are introduced at once, it is impossible to isolate the effect of each one.
- measuring one objective at a time. Though companies sponsor for multiple reasons, the sponsor must decide which objective is most important and measure that one.

Methods for measuring return on investment vary from sponsorship to sponsorship. For example, Ford may measure the value of signage at the Australian Open Tennis as a part of its return on tennis sponsorship, yet for its Olympic team sponsorship return may be measured by placing a value on the community goodwill the sponsorship has created.

A decision has to be made as to which activities are to be measured. Those that identify the return on investment and help improve the management and the outcomes of the sponsorship are most useful (Geldard & Sinclair, 1993).

Until recently in the USA, properties believed that research on sponsorships was something sponsors should find. Yet as companies are asking for more than anecdotal

evidence on the apparent success of a sponsorship before renewing, properties have become increasingly willing to pay for sponsorship evaluation (IEG, 1994).

According to IEG's Sponsorship Report Briefing on Evaluation (1995), properties should consider the following when producing evaluation reports for sponsors:

- account for measurement and reporting costs, which average eight per cent of total sponsorship revenues, in every sponsorship package and build them into the total sponsorship fee rather than showing them as a line item in the proposal;
- build measurable elements, such as sampling, donation with purchase and sweepstakes into each package;
- time reports to event duration. Year-round properties report at least quarterly; season-long properties report within the season; annual events report once, no later than six weeks after they are held;
- share as much information as possible with sponsors, but only pertaining to a particular sponsor or its business category;
- encourage audiences to respond to surveys. Special prize draws to incite attendees to fill out surveys are usually successful;
- include obvious measurements, such as media equivalence's and attendance, but realise they no longer constitute complete evaluation;
- at the very least, provide proof of performance on everything that went on during the lifetime of the sponsorship and document specific benefits.

While evaluation of a sponsorship process against business plans and established benchmarks will enable sponsors and properties to enhance the value of sponsorships in the future, it appears that many organisations fail to use an effective evaluation plan at all.

3.13 WHY SPONSORSHIPS FAIL

Up until the late 1980s, the 'CEO syndrome', when a company sponsored horse racing because the boss liked horse racing, was the primary cause of ineffective sponsorships (IEG's Complete Guide to Sponsorship, 1995).

While sponsorship decision-making is still not totally immune to this kind of subjectivity, growing accountability to stakeholders has resulted in a more professional approach to sponsorship (IEG's Complete Guide to Sponsorship, 1995).

Despite this, there are still many companies wasting their sports sponsorship dollars by sponsoring events that do not meet company objectives and therefore do not achieve measurable results (Burbury, 1994).

Melbourne based research company Brian Sweeney & Associates reported in its findings on Australians and Sport that most Australians believe that sports sponsorship is a good idea, yet 66% claim they hardly notice 'who sponsors what nowadays'. The survey indicated that many companies need to adopt a more innovative approach to sponsorship, and look beyond traditional sporting vehicles to increase their profile among consumers. (Brian Sweeney & Associates, 1994 (a)).

These days, far more complex reasons are usually behind sponsorship programs that fall short of expectations. The most common ones identified in IEG's Complete Guide to Sponsorship (1995) are:

Greenwashing. Sponsorships are coming under increasing scrutiny and those perceived as PR ploys will backfire. Whether it is an environmental tie or a tie to sports, unless a sponsor is genuinely seen to be enabling a recipient organisation, the strength of feeling that is engendered can very easily turn against the company, as it will be seen merely as exploiting a situation.

Signing the check and dropping the ball. Sponsorship is rarely an efficient buy for companies expecting the pay-off to come through on-site visibility. The return is simply not there. Sponsorships must be commercialised weeks or months in advance and leveraged with an audience far broader than at the venue. Sponsors should budget anywhere from 10 cents to 10 dollars for every dollar spent on rights fees, depending on the type of property being sponsored, to be spent marketing the sponsorship.

Due diligence overlooked. Knowing what you are not getting is often as important as knowing what you are getting. It is essential to know exactly what the property is offering a sponsor. For example, tickets to the event may not be included in the sponsorship price.

Property hopping. One year commitments are generally of dubious benefit. Creating a link between a sponsor and a property is rarely accomplished overnight. Also, the learning curve in sponsorship is longer than other media, and sponsors usually do not know how to fully maximise an involvement with a particular property in the first year.

Too many little sponsorships. It is generally much more effective to build equity by concentrating sponsorship funds than by spreading them around. This can take the form of multiple lower and middle level packages within a single property type or buying top level packages at one or two properties.

Insufficient staffing. Even small sponsorship packages require additional staff time for everything from hosting clients on site to approving artwork with sponsor ID.

Competition for trade participation with co-sponsors. When companies whose products are sold through the same distribution channel sponsor the same property, impact is often diluted. Both sponsors and properties need to consider not only exclusivity within a product category but also the number of co-sponsors with the same sales outlets.

Failure to sell internally. Sponsorship, unlike traditional media, will not reach consumers unless the field gets behind it and sells it to the trade, who then must promote it. A program will not work unless the concept is sold throughout the system and meets the needs of all the various constituencies.

Overlooking the fans. Sponsorship will not work if it is imposed on an audience. It must be communicated to fans and audiences that, as a result of the sponsorship, they are getting events that would not otherwise visit their market, more affordable ticket prices, enhanced programming or some other tangible benefit. To make an impact, it is imperative that the sponsor is seen as bringing something to the event. The activity must be perceived as being provided by the brand rather than simply sponsored by it.

Lack of fit. If the business doesn't fit with the sponsorship it is very hard to make the project work (Geldard & Sinclair, 1993).

Bad contract. A loose contract that doesn't spell out all the benefits and payment terms in detail, will spell failure if either party isn't sure of what was agreed to or had different perceptions of the agreement (Geldard & Sinclair, 1993).

Not 'win win'. Both parties have to be able to easily identify the benefits that are accruing to them (Geldard & Sinclair, 1993).

Bad personal relationships. It is imperative that both parties get on and have common goals and are both working together. Bad personal relationships guarantee a sponsorship will fail (Geldard & Sinclair, 1993).

Change of personnel. Whether it be the sponsors or the property's, a change of personnel can have disastrous consequences. It means forming new relationships and making sure the new person understands why the sponsorship exists (Geldard & Sinclair, 1993).

There are many reasons why sponsorships can fail to meet the objectives of either the sponsor or the property. Almost always, such failures are the result of inadequate planning.

While the reasons for failure of sponsorships are detailed above, often even the best laid plans for sponsorship can be ruined by external influences. Ambush marketing by a competitor is one such influence.

3.14 AMBUSH SPONSORSHIP

Ambush marketing can be defined as the unauthorised association by companies of their business or brands with a sports event or competition through a wide range of marketing activities. The association is unauthorised in the sense that the controller of the commercial rights in such events, usually the relevant governing body, has neither sanctioned nor licensed the association (De Zedtwitz & Couchman, 1993).

Ambush marketing activities are often devised by competitors of 'official' sponsors or suppliers of sports events and strategically managed and timed to achieve maximum commercial impact by undermining the value of those 'official' sponsors or suppliers exposure and boosting the ambusher's own brand awareness.

It is often carefully planned to take advantage of inadequacies in an event's commercial program and loopholes in the legal protection available to event owners and sponsors (De Zedtwitz & Couchman, 1993).

Two examples of ambush marketing are the Fuji Film branded airship which flew over the venues at the 1988 Seoul Olympics, undermining Kodak's official sponsorship of the Games, and Nike's positioning of giant sized replicas of their shoes at strategic places around the New York Marathon, diluting Adidas' status as broadcast sponsor of that event (De Zedtwitz & Couchman, 1993).

The effect of such activities is generally to create uncertainty and confusion amongst consumers as to who is the official sponsor or supplier (De Zedtwitz & Couchman, 1993).

While it could be argued that as long as legal rights are not being infringed these activities are nothing more than aggressive but fair competition, ultimately even the ambush marketer will lose out if the event becomes nothing more than a marketing 'free for all'.

According to De Zedtwitz & Couchman (1993), a sponsor of sports is essentially paying for two things:

- The benefits of association with events through its sponsorship package;
- Exclusivity, at least within the sponsors product category or 'brand sector', in relation to all or some elements of the sponsorship package.

These two requirements are applicable across the whole range of sponsored events, from global events to local club sponsorships.

Bodies such as the Institute of Sports Sponsorship, which represents commercial sponsors of sport in the United Kingdom, are moving to stamp out 'ambush marketing' through a code of conduct. The code, which is aimed at ensuring fairer dealings

between commercial sponsors and sporting organisations, is intended to instil greater discipline in the sports sponsorship market (Benady, 1994).

Basically, ambush marketing takes place to gain an association with an event or organisation for a fraction of the sponsorship cost. The ambusher could be a non sponsor who has no rights to the property or a sponsor who takes rights they haven't purchased and appears as a more major sponsor than they really are (Geldard & Sinclair, 1993).

Three main types of ambush marketing identified by Geldard & Sinclair (1993) are:

Telecast Ambush. The most common form of ambush marketing is the telecast ambush. This occurs when the property sponsors differ to a network's telecast advertisers and sponsorship packages. Telecast sponsors have a large advantage over property sponsors and that is that their message is delivered to a larger number of consumers.

The strategic use of in-telecast promotions heightens the perception that network sponsors are event sponsors because of the close association with the event through strategic use of sponsored replays, highlights, sweepstakes, team or player profiles.

Advertising Ambush. This is probably the most calculated ambush of all. In the advertising ambush, non sponsors give the perception that they are a sponsor through creating an association with the property.

The ambusher may buy the rights to historic footage and photos and integrate them into advertising. They may become the TV broadcast sponsor and use in telecast promotions to gain an association or even buy advertising in associated publications and on billboards outside venues.

Spectator ambush. An ambusher may give the impression to spectators that they are a major sponsor by having displays set up outside the event and giving away significant quantities of merchandise, such as sun visors.

According to Geldard & Sinclair (1993), the best methods for ensuring your sponsorship property and assets are not ambushed are to:

- Have a water tight contract, which details the sponsors rights and the rights of other sponsors and non sponsors. The contract should also detail what action the property will take to protect the rights it has sold to the sponsor.
- Ensure the property is aware of what is expected from the sponsorship.
- Purchase the advertising and sponsorship rights to any associated telecast and detail the level of exclusivity that is required.
- Tie up rights to signage and associated publications that are not part of the contract.

- Have an ambush defence plan prepared, identifying every possibility for ambush and actions to be taken in the event of an ambush.

Ambush marketing results in unhappy sponsors and devalues the property. It is far harder to sell a property that has been effectively ambushed (Geldard & Sinclair, 1993).

With events such as the World Cup of soccer involving individual sponsorships as much as \$75 million apiece, it is little wonder that properties and sponsors want to ensure their sponsorships are not ambushed by competitors (Grover, 1994).

From having in place a sponsorship selection process, deciding what to sponsor, managing the sponsorship, evaluating the sponsorship and being adequately prepared to counter any ambush marketing, sponsors will more than likely achieve their marketing objectives. Yet with up to 75% of sponsorships reportedly being ineffective, sponsor companies are obviously not putting the theory into practice.

4.0 THEORETICAL FRAMEWORK

Drawing on the results of the literature search, a framework for best practice emerged which would ensure the best results for the sponsor of a property in sport and a complimentary set of procedures which would ensure the best results for the property.

The steps in the best practice procedure for the sponsor are:

PRELIMINARY PLANNING

- set sponsorship selection guidelines internal policy
- set sponsorship guidelines public policy

SELECTION

- select property according to selection guidelines
- set objectives
- set benchmarks for evaluation of the results of the sponsorship
- value the sponsorship

MANAGEMENT

- market the sponsorship
- maintain relationship with property
- accountability - designate responsibility for all areas of the sponsorship
- protect from ambush

EVALUATION OF THE RESULTS OF THE SPONSORSHIP

- measure results against objectives/benchmarks
- assess value of the results
- renew sponsorship or discontinue investment

These ideas can be used as a framework against which sponsorship management can be assessed. It is expected that those sponsors whose procedures comply with the steps in the framework will be successful and those that do not will be unsuccessful.

The steps in the best practice procedure for the property are:

PLANNING

- set objectives for type of sponsor sought
- seek and approach potential sponsors according to demographics of property and sponsor
- value the sponsorship
- negotiate rights and benefits offered to sponsors

MANAGEMENT

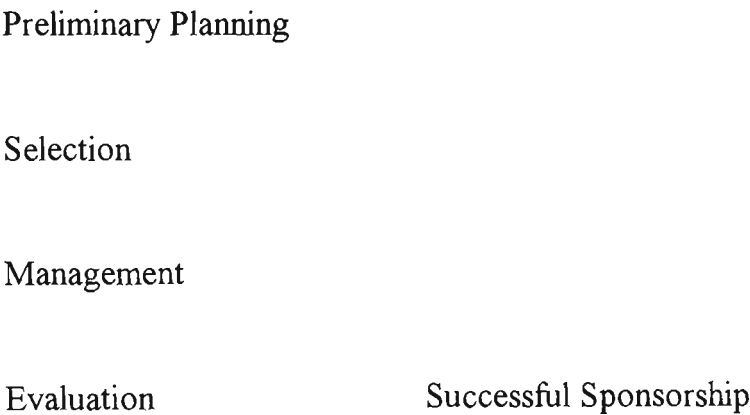
- market the sponsorship
- maintain relationship with sponsor
- protect from ambush

EVALUATION OF THE RESULTS OF THE SPONSORSHIP

- measure results against objectives/benchmarks
- assess results
- renew sponsorship

The literature review suggested a number of procedures that should be followed by the players to ensure a successful sponsorship. This led to the development of a theoretical framework which would ensure the most effective return from the sponsorship for all participants.

Figure 4.1 Theoretical Framework For Best Practice



5.0 RESEARCH QUESTION

The purpose of this study was to determine:

- What are the criteria used by sponsors in selecting sponsorships?
- What do properties offer and what do they expect?
- How do the perceptions of these players differ?
- What factors are associated with the success or failure of sponsorships?
- How do the actual activities of players compare with the theoretical framework of best practice?

To provide answers to these questions it is important to understand how various sponsors go through a sponsorship selection process, how they commit resources to the sponsorship and how they evaluate the sponsorship. Equally important is to understand why the sponsors do or do not follow the theoretical approach to sports sponsorship.

6.0 METHODOLOGY

6.1 PROJECT PROCEDURE

This research project was a study of the sports sponsorship industry. Sponsorship of sport can range from a local store providing caps or shirts to the local basketball team, through to global sponsorship of an international sporting event such as the Olympic Games. For the purposes of this study, research has concentrated on larger national and multinational level sponsorships. The findings from this research, however, apply equally to smaller level sponsors and properties.

The study is a descriptive study of best practice in the industry. The data was collected in interviews held between May and October, 1995. Each interview addressed the questions listed in the interview schedule (see appendix two).

6.2 TARGET GROUP

The following groups are represented in the sample of interviews undertaken:

- Sponsors
- Properties
- Marketing consultants (advisors to both sponsors and properties)

Decision makers within sponsor companies were the primary target group for data collection on this project. Within large companies these people are predominantly from the marketing department or senior executive level.

Another key target group were the chief executives and marketing managers involved in sports and sponsorship marketing. These executives were chosen to provide an alternative view as to the importance they place on ensuring sponsorship is effective.

A third target group are the sponsorship and sports marketing consultants, who act as advisers to sports organisations and to companies involved with sponsorship. These consultants provide experience across a broad range of sponsorships and companies.

Each of the organisations involved in interviews was selected based on the organisations current involvement in various sporting sponsorships. The sample also represented a broad range of organisations in terms of size, resources and emphasis on sponsorship as a marketing tool.

While the sample is relatively small, the results provide a basis on which to compare the best practice theoretical framework to actual sponsorship management practice.

6.3 DATA COLLECTION

In addition to the literature search using CD Rom, market research surveys conducted by professional market research companies have also been analysed. This market research provides an accurate guide from consumers of the effectiveness of various sponsorship campaigns on their purchase decisions and feelings towards sponsoring companies.

Further information was collected through interviews of the target groups outlined above. The primary purpose of the interviews was to generate first hand information from those involved in sports sponsorship regarding how sponsorships are packaged, negotiated, bought and sold, run effectively and evaluated.

Interviews were carefully planned, with a basic set of questions structured for each interview (refer to appendix two). Generally, these questions were open ended to encourage a more open and individual response from each interview. The interviews addressed the following issues:

- Perceived benefits of sponsorship
- Steps in sponsorship procedures
- Importance of sponsorship in overall marketing plan
- Importance of sponsorship management
- Accountability for the success of a sponsorship
- Methods of sponsorship evaluation

6.4 LIMITATIONS TO METHODOLOGY

A major limitation has been the lack of literature information available on the topic.

A second limitation is the possible bias shown by marketing and senior executives to the apparent success of a sports sponsorship in which they are directly involved.

With a relatively small sample, the results of the interviews conducted provided only a general overview of the sponsorship industry. While other organisations may manage sponsorships in a variety of ways, the sample was selected to offer a broad comparison with the best practice theoretical framework

6.5 DATA ANALYSIS

From the interviews conducted with representatives from each company (refer to appendix one), an analysis of how each organisation plays it's role in the sponsorship process and the theoretical approach made in the literature review is made.

The results of the interviews are summarised as individual case studies in chapter seven.

7.0 CASE STUDIES

7.1 UNCLE TOBYS

Uncle Tobys has been a major supporter of Australian sport for almost a decade. Its sports sponsorships started in 1984, through its support of the Australian Swim Team. This sponsorship continued through until 1992. Since 1992, Uncle Tobys has sponsored individual swimmers such as Kieren Perkins and Susie O'Neill.

Research by Brian Sweeney & Associates (1994) (b) shows that, despite no longer being a national team sponsor, Uncle Tobys still has the highest awareness among consumers as a sponsor of Australian swimming. The major national team sponsor, Telecom, ranks a lowly fourth overall behind Uncle Tobys, Speedo and Sizzler.

The Uncle Toby Super Series has given a major boost to the professionalism of ironman competitions in Australia, and has led to many of the competitors becoming household names. Trevor Hendy, Guy Leech and Grant Kenny are among the individuals sponsored by Uncle Tobys. Ironman has the highest sponsor awareness of any sport in Australia, with 79% of people associating one or more companies with the sport.

According to Karen Guest, Corporate Marketing Manager of The Uncle Tobys Company, the key to the success of Uncle Tobys sponsorship can be summed up in one word - integration.

Uncle Tobys chose to sponsor the ironman series principally because it was an event they could own and control, unlike the sports such as basketball where a sponsor's message gets caught up in the clutter of too many sponsors and not enough space.

Uncle Tobys believe they are innovative in their approach to sponsorship, and that integration is all about surrounding the sponsorship with a total advertising and marketing support, from advertising through to public relations and from branding to corporate image.

The Uncle Tobys approach follows closely the sponsorship process described. Uncle Tobys are proactive in seeking out sponsorship rather than waiting to see what is presented before them. There is, therefore, no formal sponsorship selection process or public policy guidelines for sponsorship.

Sponsoring events such as ironman, where they have complete ownership and control of the event, protects Uncle Tobys from ambush marketeers and leads to very high public awareness of the sponsorship. The integration of advertising and marketing support of the sponsorship translates to increased sales and the achievement of sponsorship objectives.

Uncle Tobys also conduct its own market research to measure the effect of their sponsorships on awareness and sales. This is in addition to seeking the generic research results provided by Brian Sweeney & Associates.

Table 7.1 The Sponsorship Process Undertaken By Uncle Tobys

SPONSORSHIP PROCESS	UNDERTAKEN BY UNCLE TOBYS
<i>PLANNING</i>	
Written internal sponsorship guidelines?	No.
Sponsorship guidelines public policy?	No. Proactive in seeking sponsorship opportunities.
<i>SELECTION</i>	
Property selected according to guidelines?	Selected according to fit with product image.
Objectives set?	Yes.
Benchmarks set for evaluation?	Yes.
Sponsorship valued?	Yes.
<i>MANAGING</i>	
Sponsorship marketed?	Yes. Strong integration with advertising.
Strong relationship with property?	Yes. Strong ownership of property.
Accountability designated?	Yes - through corporate marketing mgr.
Protection from ambush?	Yes.
<i>EVALUATION</i>	
Results measurable?	Through sales, internal & external market research.
Results assessed?	Yes. Measured against benchmarks & other sponsors.
Future decisions made based on results?	Yes.

7.2 NIKE

The **NIKE** brand name and logo are a marketing icon and global success story. For George Lawlor, Sports Marketing Manager at NIKE Australia, sponsorship of athletes and events help NIKE create an image feel for their product. Lawlor says that “NIKE are the number one sports and fitness company in the world, and it's sponsorships help it stay that way”.

While sponsorship is important, it is just one cog in the wheel of a marketing operation. According to George Lawlor, any sponsorship must be fully supported by marketing and advertising and by the right product. These three factors are collectively responsible for the success of the company.

NIKE measure the effectiveness of their sponsorships by retail sales primarily, backed up with a minimal amount of market research of brand awareness.

Generally once a product is created, an athlete is found to promote that product, an advertising campaign is created, and retail sales will follow. This simple cycle is the very basic marketing strategy of NIKE's promotional arm.

While NIKE invariably associates its product with winners, it also looks for the right personality in an athlete or property. That special, 'against the grain' attitude, combined with personality and the right skills to match, are the perfect mix for the NIKE sponsored athlete.

NIKE has reached such a comfortable and powerful position that they don't have to use their advertising to define their products. That is why image is all so important to the NIKE psyche.

While not following the typical, theoretical approach to sponsorship, there is no argument that NIKE is a sponsorship success story, according to Lawlor. The athletes selected to endorse the NIKE brand are role models in their sport and to society in general. Backed by a worldwide marketing and advertising program, NIKE is in a position to virtually choose whichever sponsorship it wants and run with it.

Sponsorship of individual athletes and teams means that NIKE is willing to push as much as possible without being accused of ambushing an event. This is in line with the NIKE policy of sponsoring those athletes with the 'against the grain' attitude.

NIKE rely on retail sales to measure the success of a sponsorship, rather than market research. NIKE management credit the endorsement from basketball star Michael Jordan for the turnaround in sales and profits in the mid 1980s. While no data is available to support this direct benefit claim, Lawlor believes there is little doubt that Jordan's endorsement played a major role.

Table 7.2 The Sponsorship Process Undertaken By Nike

SPONSORSHIP PROCESS	UNDERTAKEN BY NIKE
<i>PLANNING</i>	
Written internal sponsorship guidelines?	No.
Sponsorship guidelines public policy?	No.
<i>SELECTION</i>	
Property selected according to guidelines?	No. According to fit with NIKE image.
Objectives set?	Yes.
Benchmarks set for evaluation?	Vague.
Sponsorship valued?	Yes.
<i>MANAGING</i>	
Sponsorship marketed?	Strongly with advertising.
Strong relationship with property?	Yes. Usually a major sponsor of property
Accountability designated?	Yes.
Protection from ambush?	Often ambush events. No need to protect
<i>EVALUATION</i>	
Results measurable?	Mainly through retail sales & some market research.
Results assessed?	Yes.
Future decisions made based on results?	Yes.

7.3 AUSTRALIA POST

Being a government business enterprise, Australia Post is probably more accountable than most when it comes to scrutiny of marketing investments. That is why Australia Post have their own sponsorship policy and guidelines to spell out in clear terms what can and cannot be considered for sponsorship.

Terry Hearity, Sponsorship Manager at **Australia Post**, receives about thirty sponsorship proposals each month. Of those, very few get more than a quick glance before being filed or handed down to another area..

According to Hearity, the bottom line is all important in assessing sponsorship opportunities. He sees the need to build a relationship with the sponsorship and the product.

"If, for example, we had a problem with our remote and rural services, we would consider using sponsorship of, say, the Flying Doctor Service in that area to help achieve our objectives".

Hearity believes a sponsor is in a better position if they can create an event and then own it. "If a company can be more innovative, they can create their own fit".

Being a government owned organisation, Australia Post is probably now more accountable than most private companies when it comes to investment in sponsorships. The written sponsorship policy and public policy guidelines make sponsorship selection straightforward. These guidelines are regularly reviewed and rewritten.

Having a dedicated sponsorship manager also contributes to the apparent smooth management of those sponsorships which Australia Post undertakes. This is often not possible in smaller organisations due to more limited resources.

For sponsorship evaluation, Australia Post appear to rely heavily on generic research. Evaluation is necessary not just for future sponsorship plans but to justify to senior management the value of the sponsorships.

Australia Post are in the difficult position of not wanting to be seen to favour a particular demographic market in it's sponsorship program. As a public identity it must support all areas of the community. This makes it difficult for Australia Post to own and control events. It must be seen in a supporting role, as a good corporate citizen.

Table 7.3 The Sponsorship Process Undertaken By Australia Post

SPONSORSHIP PROCESS	UNDERTAKEN BY AUST. POST
<i>PLANNING</i>	
Written internal sponsorship guidelines?	Yes.
Sponsorship guidelines public policy?	Yes.
<i>SELECTION</i>	
Property selected according to guidelines?	Yes. Selection often to fulfil community responsibility, not financial objectives.
Objectives set?	Yes.
Benchmarks set for evaluation?	Set for major sponsorships, not for smaller regional sponsorships.
Sponsorship valued?	Yes.
<i>MANAGING</i>	
Sponsorship marketed?	Externally and internally.
Strong relationship with property?	Yes.
Accountability designated?	Generally through corporate communications area.
Protection from ambush?	Yes. Relatively exclusive product category.
<i>EVALUATION</i>	
Results measurable?	Through market research.
Results assessed?	Yes.
Future decisions made based on results?	Yes.

7.4 TELSTRA

Another government business enterprise which is heavily into sports sponsorship is **Telstra**. The telecommunications company puts up to 10% of its total advertising and marketing budget into sponsorship of some kind.

The secret to success, according to sponsorship unit manager Alan O'Neil, is hitting the basics. Although in the past, O'Neil admits, sponsorships have been bought without too much assessment of economic objectives, the growing accountability from stakeholders means that each and every sponsorship needs to be assessed and worked.

Telstra uses market research extensively in its major sponsorships, which include the Australian Olympic Team and the Telstra Dolphins National Swim Team. O'Neil aims the sponsorships at the demographic groups of the Telstra products which need support. While sport is a big target property for Telstra, O'Neil sees more funding going into education, medical research and the arts in the future, as these are the areas which the market research has indicated best delivers to the right demographics.

Despite the obvious similarities between Australia Post and Telstra, their approach to sponsorship is very different. Having more resources through its sponsorship unit gives Telstra the advantage of being able to more thoroughly evaluate sponsorship proposals and to select and work those sponsorships which best fit the demographic profile it is looking for.

Table 7.4 The Sponsorship Process Undertaken By Telstra

SPONSORSHIP PROCESS	UNDERTAKEN BY TELSTRA
<i>PLANNING</i>	
Written internal sponsorship guidelines?	Yes.
Sponsorship guidelines public policy?	No.
<i>SELECTION</i>	
Property selected according to guidelines?	Yes. Thorough evaluation of proposals.
Objectives set?	Yes.
Benchmarks set for evaluation?	Yes.
Sponsorship valued?	Yes.
<i>MANAGING</i>	
Sponsorship marketed?	Yes. Advertising and naming rights.
Strong relationship with property?	Yes.
Accountability designated?	Through sponsorship unit.
Protection from ambush?	Yes. Very important.
<i>EVALUATION</i>	
Results measurable?	Mostly through extensive market research
Results assessed?	Yes.
Future decisions made based on results?	Yes.

7.5 BILL BASS OPTICAL

Bill Bass Optical, through its primary brand, Bolle, sponsor individual athletes in order to create grass roots awareness and word of mouth endorsement of its new styles and products.

Among the athletes sponsored by Bolle are world champion skier Kirstie Marshall, ironman Guy Andrews, cricketers Mark Waugh and David Boon, and triathletes Michelle Jones and Brad Bevan.

Sponsorship Manager at Bolle, Travis Atkins, sees sponsorship of elite athletes as a unique way of showing the product in action in front of peers.

Bolle do not get involved in sponsoring events, mainly due to their 97% brand awareness in market research. Atkins sees peer leader endorsement as a much better investment than event sponsorship.

Bolle backs up its sponsorship with an extensive magazine advertising campaign featuring many of the athletes. The campaign encompasses leading fashion magazines, metropolitan weekend press magazines and specialist sports publications.

While sponsorship is hard to justify in terms of direct sales, Atkins evaluates the worth of an individual sponsorship based on that athletes sporting performance and related press clippings showing the Bolle product.

The basis of sponsorship selection in the case of Bolle is an athletes profile and athletic performance. This policy, and the policy of not sponsoring events, is adhered to strictly and is reflected in the consistent success of Bolle sponsorships.

Managing the sponsorship is a difficult process for Bolle due to limited resources and the wide range of athletes they sponsor. The objective of reaching peer leaders and creating that peer endorsement is achieved by having such a wide range of athletes on their books. Backing that up with extensive magazine advertising ensures that each sponsorship has some marketing support.

Not having precise measurable objectives for sponsorship in place make sponsorship evaluation difficult for Bolle. While the theoretical framework would dictate that each sponsorship should be evaluated against a set of measurable objectives, Bolle cannot do this. For this reason, it is difficult for Bolle to tell which sponsored athletes are successful in communicating the Bolle message to peers and others.

Written contracts signed by each sponsored athlete protects Bolle from ambush of their properties, and at the same time permits them to potentially ambush events sponsored by competitors.

Table 7.5 The Sponsorship Process Undertaken By Bill Bass Optical

SPONSORSHIP PROCESS	UNDERTAKEN BY BILL BASS
<i>PLANNING</i>	
Written internal sponsorship guidelines?	No.
Sponsorship guidelines public policy?	No.
<i>SELECTION</i>	
Property selected according to guidelines?	No. Sponsor individuals only.
Objectives set?	Vague.
Benchmarks set for evaluation?	No.
Sponsorship valued?	No.
<i>MANAGING</i>	
Sponsorship marketed?	Minimal advertising.
Strong relationship with property?	Yes. Very important.
Accountability designated?	Through sponsorship manager.
Protection from ambush?	Through exclusivity contracts.
<i>EVALUATION</i>	
Results measurable?	Not directly.
Results assessed?	Based on media profile and performance.
Future decisions made based on results?	Yes.

7.6 COMMONWEALTH BANK

Sponsorship involving the **Commonwealth Bank** used to be "Santa Claus stuff", according to Anne-Maree Townsend, Manager of Community and Media Relations. "If someone else was there, we were there too", said Townsend.

With an increased accountability for sponsorships in recent years, both internally and externally, The Commonwealth Bank are in a position where they can assess the best property to fit with their overall objectives and negotiate a relationship from there.

When the Commonwealth Bank took over the State Bank, there was some backlash from the Victorian public who had previously shown tremendous loyalty towards the State Bank.

To overcome this, the Commonwealth Bank began its sponsorship as the principal sponsor of the Victorian Institute of Sport, showing Victorians its willingness to become involved in the development of the state. While not aggressively promoting this sponsorship, Townsend believes the sponsorship was a signal to the community that the bank cares about Victoria. The sponsorship cemented their commitment to Victorians in a very visible and safe way.

The Commonwealth Bank is currently formulating a national policy on sponsorships, which provides for a more definitive approach to sponsorship assessment than that which currently exists. Townsend still sees the need for flexibility in sponsorship assessment at the grass roots level, and would like to see a tiered structure of sponsorship assessment depending on the value of the sponsorship.

The motto for sponsorship assessment this year, according to Townsend, is "doing fewer things better", an indication that the bank would prefer to concentrate its resources in fewer sponsorship activities in order to get a stronger return.

For Townsend, who assesses hundreds of proposals a year, a proposal needs to tell her what the property can give that the bank cannot get from anyone else. Everything must be quantified, including areas where the property can add value to the sponsorship.

While a few of the proposals which come across the desk are worthwhile, Townsend expects that one day the Commonwealth Bank will be able to proactively seek sponsorships rather than wait for the right one to be presented to them.

The Commonwealth Bank are a typical example of the changing attitude to sports sponsorship in the past ten years. The formulation of a national policy on sponsorship, together with the 'doing fewer things better' method of selection and management, will put the Commonwealth Bank in the position to achieve greater value from each sponsorship.

As with other large organisations such as Telstra and Australia Post, having the resources available to manage a sponsorship is vital in ensuring it’s success. The close and successful relationship between Commonwealth Bank and the Victorian Institute of Sport is largely due to committing those resources to making the sponsorship work.

Table 7.6 The Sponsorship Process Undertaken By The Commonwealth Bank

SPONSORSHIP PROCESS	UNDERTAKEN BY COMMONWEALTH BANK
<i>PLANNING</i>	
Written internal sponsorship guidelines?	Currently being formulated.
Sponsorship guidelines public policy?	No.
<i>SELECTION</i>	
Property selected according to guidelines?	Not currently.
Objectives set?	Yes.
Benchmarks set for evaluation?	Not defined.
Sponsorship valued?	Not defined.
<i>MANAGING</i>	
Sponsorship marketed?	Not greatly.
Strong relationship with property?	Yes.
Accountability designated?	Most accountability placed on property.
Protection from ambush?	Irrelevant.
<i>EVALUATION</i>	
Results measurable?	No.
Results assessed?	Yes.
Future decisions made based on results?	Yes.

7.7 CADBURY SCHWEPPES

Peter Beales, Marketing Manager at **Cadbury Schweppes** confectionary division, receives about twenty sponsorship proposals a week. As with other sponsorship managers, Beales will look no further than the first paragraph if the proposal doesn't interest him straight away. Like the Commonwealth Bank, Beales would rather have a situation where Cadbury made the initial approach.

Cadbury has been the principal sponsor of the Cadbury Triathlon Tour for the past five years, a period which has seen participation in the sport more than double. One of the main benefits of the tour, according to Beales, was that Cadbury had ownership of the tour.

Cadbury entered into its sponsorship arrangement with the sport of triathlon to reach a target audience which mainstream marketing could not reach, to secure product distribution rights and to achieve subtle endorsement from triathletes. Cadbury's other main sponsorships include the CBA basketball league, which offers the company access to distribution points, and the Victoria Racing Club. Cadbury are also actively involved in non-sporting sponsorships such as the Melbourne Zoo.

Beales estimates that Cadbury spend about \$3-4 in PR, advertising and signage for every \$1 of sponsorship cost. Cadbury also back up each major sponsorship with market research of awareness levels, advertising awareness and awareness of Cadbury's association with the sponsorship.

Cadbury evaluates each sponsorship by setting a benchmark measured by what an equivalent investment would have achieved through mainstream marketing mediums.

The key to any successful sponsorship, says Beales, is setting clear objectives and having clear measurements of those objectives. Each sponsorship Cadbury enter into has a clear set of objectives which are measurable through benchmarks and market research.

In terms of the theoretical framework of the sponsorship process, Cadbury go close to matching the framework in every area. Having a clear selection process, owning and having control over an event, managing the sponsorship and evaluating the sponsorship are all done according to an established policy. This is reflected in the success of Cadbury's sponsorships in achieving objectives.

Table 7.7 The Sponsorship Process Undertaken By Cadbury Schweppes

SPONSORSHIP PROCESS	UNDERTAKEN BY CADBURY
<i>PLANNING</i>	
Written internal sponsorship guidelines?	Yes.
Sponsorship guidelines public policy?	No.
<i>SELECTION</i>	
Property selected according to guidelines?	No.
Objectives set?	Yes.
Benchmarks set for evaluation?	Yes. Set by cost comparison with other marketing mediums.
Sponsorship valued?	Yes.
<i>MANAGING</i>	
Sponsorship marketed?	With advertising and PR.
Strong relationship with property?	Yes.
Accountability designated?	Through marketing manager.
Protection from ambush?	Through ownership of event.
<i>EVALUATION</i>	
Results measurable?	Through benchmarks and market research
Results assessed?	Yes.
Future decisions made based on results?	Yes.

7.8 FORD MOTOR COMPANY

As Sales Promotions Manager at the **Ford Motor Company of Australia**, Bernadette Winspear oversees some of the company's biggest sponsorships, including the Ford Australian Open, the Australian Olympic Team, Geelong Football Club, the Ford Australian Rugby Series and motor sport.

Despite the international coverage some of these events receive, Ford is only interested in national exposure when assessing sponsorships, although that may change with a new global structure planned for the company.

Ford have owned naming rights to the tennis open for ten years, and it's name is synonymous with the Australian Open. Winspear says the objective at the end of the day is to make people feel good about the company.

"We tend not to go to too many of the corporate luncheons, so the tennis is where we can access all the hospitality facilities we need. The Ford Australian Open is our opportunity to showcase products and to encourage our people to feel good about Ford."

Ford recently introduced the perfect attendee scheme as part of its sponsorship. Any of the 7,000 Ford employees with a perfect twelve month attendance record get to take their partner to the tennis and enjoy a meal on one of the nights of the Open. With 100 perfect attendees in 1992, this year's Open hosted over 500 perfect attendees.

Ford tracks its sponsorships through extensive market research, including market research surveys of guests and dealers at the tennis. The research also tracks increased traffic through dealerships throughout the month of January as the Open is in progress.

While Winspear admits that at the end of the day Ford cannot tell precisely how many new cars are sold, they can look at the increase in enquires and the increased propensity to buy among consumers as a measure of the success of the sponsorship.

Ford's sponsorship of the Geelong Football Club has completely different objectives to that of the tennis. With Ford's large investment in Geelong through its manufacturing plants and support industries, an association with the biggest talking point in town - the football club - ensures that Ford is everyone's first choice in motor vehicle.

Ford is a sponsor of the Olympic Team to "align ourselves with an event that epitomises excellence". To differentiate itself from the myriad of other Olympic sponsors, Ford created Team Ford. Team Ford sponsors individually nine of Australia's brightest Olympic prospects in addition to its team sponsorship.

Winspear sees the Olympic sponsorship as very difficult to market. "Until now, we have done little relationship marketing. The Olympics are difficult as you cannot brand



athletes. At the end of the day, all you basically have is the Olympic logo, which is why we created Team Ford to give us that edge".

Most of the sponsorship Ford has entered into have been successful, largely due to Ford following the theoretical sponsorship process. Each sponsorship has established objectives, each gives Ford certain rights and benefits, each is well managed with a close relationship between the property and Ford, and each is evaluated against measurable criteria.

Ford’s Olympic sponsorship appears to be the only sponsorship discussed where Ford are unsure of the direction the sponsorship should take. While the objectives of some sponsorships may develop once an agreement has been reached with the property, this is not the case with the Olympic sponsorship. For this reason, the sponsorship to date has been less than successful. In a company with such clear objectives and criteria for sponsorship, Ford’s Olympic sponsorship is a good example of why a clear set of objectives must be established before a sponsorship is signed.

Table 7.8 The Sponsorship Process Undertaken By Ford

SPONSORSHIP PROCESS	UNDERTAKEN BY FORD
<i>PLANNING</i>	
Written internal sponsorship guidelines?	Yes.
Sponsorship guidelines public policy?	No.
<i>SELECTION</i>	
Property selected according to guidelines?	Yes.
Objectives set?	Yes, though not clear with Olympic sponsorship.
Benchmarks set for evaluation?	Yes.
Sponsorship valued?	Yes.
<i>MANAGING</i>	
Sponsorship marketed?	Strongly through advertising and PR.
Strong relationship with property?	Very important.
Accountability designated?	Through promotions area.
Protection from ambush?	Ownership of property is preferred.
<i>EVALUATION</i>	
Results measurable?	Through surveys and market research.
Results assessed?	Yes.
Future decisions made based on results?	Yes.

7.9 AUSTRALIAN DRUG FOUNDATION

An organisation in a relatively different situation to other companies involved in sponsorship is the **Australian Drug Foundation**. Funding for the Australian Drug Foundation comes from the levy on tobacco tax. Vichealth has seven major organisations, including the Australian Drug Foundation, with a statewide reach which use this funding in various sponsorships. Other organisations include Quit, Sunsmart, National Heart Foundation and Diabetes Australia. The original focus of the Drug Foundation was to buy out existing tobacco sponsorships (refer to appendix three).

Rosalie Flynn, Sponsorship Manager at the Australian Drug Foundation (ADF) uses sponsorship to promote the foundation and its message. The two main themes of the sponsorship campaign are 'Be Your Best' and 'Booze Less. Be Your Best'.

Flynn says the message is not to encourage abstinence, but to target casual drinkers with the consequences of inappropriate use of alcohol and drugs. "We are not aiming for behavioural change. We are looking for an attitudinal shift." Flynn says the connection between the sponsorship and the message needs to be as visible as possible.

The ADF sponsor the Melbourne Monarchs Baseball Club, the North Melbourne Giants Basketball Club and various jazz festivals and other arts programs. The Giants sponsorship gives the ADF naming rights of the club to be called the Booze Less Giants, aiming it's message at the 18-35 year age group.

The ADF evaluates it's sponsorship through surveys, focus groups and interviews with some of the sponsored athletes (role models) to measure the effectiveness in getting it's message across. According to Flynn, the message is the key, and the ADF pick the sponsorship and the message according to the target market of the property.

The unique role of the ADF in comparison to other sponsor organisations does not mean it is any less accountable for it's sponsorship investment. Having a clear objective and message in mind when evaluating sponsorship proposals has lead to the success of ADF's sponsorship of the Giants in particular.

The ADF went after this sponsorship because it matched with their target market. The sponsorship is managed with the main objective being to ensure the message reaches that target market. It is evaluated through surveys and other market research to ensure the message has been understood. It is a simple, yet highly effective process for the ADF.

Table 7.9 The Sponsorship Process Undertaken By The Australian Drug Foundation

SPONSORSHIP PROCESS	UNDERTAKEN BY ADF
<i>PLANNING</i>	
Written internal sponsorship guidelines?	Yes.
Sponsorship guidelines public policy?	No.
<i>SELECTION</i>	
Property selected according to guidelines?	Yes.
Objectives set?	Yes.
Benchmarks set for evaluation?	Yes.
Sponsorship valued?	Yes.
<i>MANAGING</i>	
Sponsorship marketed?	Through advertising and PR.
Strong relationship with property?	Yes.
Accountability designated?	Through sponsorship manager.
Protection from ambush?	Not enough.
<i>EVALUATION</i>	
Results measurable?	Through surveys, focus groups, interviews.
Results assessed?	Yes.
Future decisions made based on results?	Yes.

7.10 NORTH MELBOURNE GIANTS BASKETBALL CLUB

Larry Sengstock, Marketing Manager at the **North Melbourne Giants Basketball Club**, tries to set up a sponsorship package that isn't directly related to the team winning or losing, but says it is difficult.

"Winning is such a major part of sport in Australia. Winning is not the be all and end all for sponsors, but everyone wants to be associated with winners."

The key to Sengstock's ability to secure sponsorship is to learn about the company and what they are about before entering into any negotiations. "We have positioned the Giants as a marketing company with basketball as our tool. By doing this, we can tailor our sponsorship package according to the individual objectives of each sponsor."

According to Sengstock the Giants are successful in securing and maintaining sponsorships for this reason. "Everything is so much more accountable these days. You need a result for your money. That's what we provide and why we are successful"

With between 80-90% of the club's budget derived from sponsorship, Sengstock tries to give all sponsors equal billing through the formation of a co-operative marketing group. This group is unique in basketball, a sport which is often accused of confusing sponsor messages with too much clutter.

As one of a many high profile sports properties in Melbourne, the Giants have a lot of competition for the limited major sponsorship opportunities available. Knowing what the prospective sponsor is about and what they are looking for gives the Giants a head start in it's approach to prospective sponsors.

This approach demonstrates the need to understand the objectives of the company the property may be working with. This understanding makes all other parts of the sponsorship framework, from assigning rights and benefits, pricing, managing and evaluating the sponsorship, fall into place.

7.11 MELBOURNE FOOTBALL CLUB

The **Melbourne Football Club** has an annual budget of \$6.3 million to run the club. Sponsorship accounts for a large portion of this budget, and is broken into three tiers, according to Marketing Manager Libby Tavaszi.

The top tier involves sponsors contributing over \$100,000 per year. The second tier invest between \$50,000 and \$100,000, with the third tier sponsors spending less than \$50,000.

Tavaszi says successful sponsorships are all about networking. "You need to know who they are, where they're from, what their needs are. You need to become a part of the sponsor company. And once you have a deal, both parties have to drive it."

Tavaszi says each sponsor has different objectives for their sponsorship. Tooheys, for example, are principally involved with Melbourne Football Club to secure distribution rights at the MCG for home games - this type of sponsorship is probably more political than financial in terms of objectives.

Metway Bank, on the other hand, came to Melbourne from Queensland and use their sponsorship to gain a profile in the Melbourne market.

One of the benefits of being involved with other sponsors in a property such as the Melbourne Football Club is the spin-offs that can result through relationship marketing. "Everyone wants to cement their relationship", says Tavaszi. "We help that through placing appropriate people together at MFC at lunches for example."

Another benefit, apart from client entertainment, is the opportunity to rub shoulders with the sport's elite. "No matter what people say, managing directors often become big kids when they get the chance to play golf with the captain of the Melbourne Football Club. But we need to back up that emotional attachment with a worthwhile business investment."

As with the Giants Basketball Club, the Melbourne Football Club is aware of the need to know all about prospective and existing sponsors objectives in regards to sponsorship.

Football clubs more than any other property have needed to change their method of attracting sponsorship since the days of the 'CEO syndrome' ended. Though some senior managers still let the heart rule their head on sponsorship of football clubs, accountability is more important than ever.

Helping the sponsor manage the sponsorship is important to the Melbourne Football Club. This ensures a stronger relationship is forged between the two parties, which may lead to longer term sponsorships.

Surprisingly, neither the Melbourne Football Club or the North Melbourne Giants do any market research which may be of assistance to current or prospective sponsors.

7.12 AUSTRALIAN FOOTBALL LEAGUE

While the clubs themselves are feeling the squeeze to meet financial budgets as well as perform on-field, the **Australian Football League (AFL)** has been very successful in attracting corporate sponsorship.

In 1994, the AFL signed Coca-Cola to a long term deal believed to be well in excess of \$50 million, the biggest individual sporting sponsorship in Australia. AFL Marketing Manager Grant Burgess believes it is better to have one major sponsor and protect them than to clutter sponsors like some other sports do.

While the AFL still have other companies involved in sponsorship of the league, including Carlton United Breweries, Challenge Bank and Ansett, Coca-Cola is far and away the key sponsor.

Burgess says the key for Coca-Cola is television exposure. "Coke executives take the view that they are associating with the best sport in Australia. The target market is young. There is the opportunity to develop the sponsorship with the game at every level. Both the AFL and Coke are icons. It is a good, powerful synergy".

Being an icon, much like Coca Cola and even NIKE, helps the AFL attract large sponsorship. With huge media support Australia wide and an almost fanatical following, the AFL can almost do no wrong.

Far from sitting back enjoying it's own success, the AFL has been proactive in tailoring sponsorship packages to the large multinationals such as Coca Cola. Cementing such long term relationships is important for the sport, and offers the sponsor the medium to spread it's marketing message to a large and captive market.

The AFL do not need to follow any theoretical sponsorship framework, though like any property they must ensure they are satisfying the objectives of sponsors.

7.13 VICTORIAN INSTITUTE OF SPORT

The **Victorian Institute of Sport** is funded primarily by the Victorian Government, which covers approximately 65% of the annual budget. Another 25% is provided by the Australian Sports Commission, leaving 10% to be covered by the corporate sector through sponsorship.

The Marketing Manager responsible for securing the estimated \$600,000 worth of sponsorship each year is Paula Hempton. As with other sponsorship properties, the VIS has a range of sponsors involved for totally different reasons.

While the Commonwealth Bank became involved to gain back loyal State Bank customers, golf program sponsors Titleist and Footjoy were simply after the loyalty of up and coming stars of the golf circuit to secure them in future years as endorsers of their products.

Hempton doesn't spend as much time as she would like servicing and sourcing sponsorship, mainly due to staffing restrictions in the marketing area of the VIS. "The VIS provide sponsors with an analysis of what they are getting through clippings, reports on athlete progress and where the sponsorship will be seen, hospitality etc."

The major reasons sponsors drop out of the program are when personnel change or for budgetary reasons, according to Hempton.

As the theory shows, maintaining the communication link in managing the sponsorship is vital if a sponsorship is to meet the sponsors objectives. Unlike some of the bigger companies and organisations, the VIS do not have the resources to do this as they would like. While the Commonwealth Bank has been a long term sponsor, there has been a higher turnover of smaller sponsors.

7.14 THE SPONSORSHIP UNIT

Edward Geldard, General Manager of **The Sponsorship Unit**, says the bottom line of any sponsorship is cost effectiveness. And cost effectiveness needs to be measured against objectives.

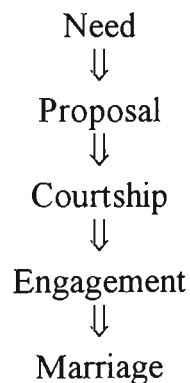
Geldard says "70% of sponsorships worldwide don't have quantifiable sponsorship objectives written down."

Geldard says sponsorship is a marketing communications tool, and any sponsorship proposal must offer benefits to the company, not problems. "Telecom receive on average 350 proposals a year. Of that number, four per year would make the proposal look cost effective. They were all signed."

Geldard believes a sponsorship has to be a two way relationship to work. Both parties need to know why they and the other party are in the relationship. And the reasons a company enters into a sponsorship will vary greatly according to the property sponsored.

Using the example of Ford Motor Company, Geldard says the differing reasons between sponsorships are enormous. "Ford sponsor the tennis (Australian Open) to swing people of influence, such as fleet buyers. They sponsor Geelong Football Club because fans buy Fords. Ford sponsor the rugby to get to NSW and Queensland fleet buyers, whereas their Olympic sponsorship is primarily to gain a competitive marketing advantage."

Knowing the objectives of the other party in a sponsorship is essential in maintaining the sponsorship over a period of time. Geldard sees the sponsorship relationship as follows:



Like any normal relationship, the breakdown of a sponsorship can almost always be attributable to a break down in communication. This often occurs as a result of a change in personnel in one or both of the parties.

In the area of sponsorship research and measuring the value of sponsorships, Geldard sees little point in using generic research unless the researchers know the objectives of the company. "There is very little room for generic research in post-evaluation of sponsorship. It does, however, play a role in pre-evaluation, giving the company information on public perception and demographics of the prospective property."

8.0 CONCLUSION

Sponsorship of sport as a marketing and communications tool is increasingly becoming a major component of many companies marketing mix. With this increasing importance comes a greater accountability from shareholders and management for sponsorship to provide a measurable return on investment.

This increased accountability has led to greater professionalism of the entire sponsorship marketing industry, including those in charge of seeking and maintaining sponsorship on behalf of properties and those who manage sponsorships on behalf of companies.

The results clearly show that the more organised a company and a property are in regards to a sponsorship, the more effective that sponsorship will be. Of major importance to the effectiveness of the sponsorship is the importance or value which both the sponsor and the property place on the sponsorship. If the company is willing to become a sponsor, they must do more than just contribute funds. Managing a sponsorship effectively will ensure the sponsor squeezes every dollar of return out of its investment.

While the theory looks straightforward and even simple to put into practice, the case studies show that this is not the case. The difficulties faced are the reason why an estimated 75% of sponsorships are considered to be ineffective.

The biggest reason for this ineffectiveness is the lack of resources attached to a sponsorship. Financially and in staffing terms, maximising sponsorship effectiveness takes a lot of time, money, planning and effort. Companies such as Telstra and Australia Post have dedicated staff units working on sponsorship. These companies were the only ones interviewed which had both a formalised sponsorship selection policy and public policy guidelines.

For smaller companies such as Bill Bass Optical (Bolle), managing and evaluating sponsorships is difficult due to the nature of the product and the wide variety of athletes Bolle sponsor. Bolle overcome this by concentrating its marketing of sponsorships into magazine advertising only. While brand awareness is as high as 97% in market research, there is no evidence to support the contribution of sponsorship marketing to results. The relationship between the company and the athlete is considered vital. This appears to be the only way of measuring each individual athletes success in promoting the Bolle brand.

It appears that most companies do have objectives in mind when they enter into a sponsorship, yet few of them set benchmarks or conduct market research as a form of evaluation. Evaluation is the least effective part of the sponsorship process.

For properties, the high rejection rate of sponsorship proposals by companies is an indication that many proposals are not well thought out or targeted to the right company. Once a sponsorship is entered into, most properties work hard to ensure the

sponsor is getting value from it's investment. Understanding the objectives of the sponsor is the key to this.

Of the companies involved in the interview process, none could claim to follow precisely the theoretical process of sponsorship planning, selection, management and evaluation. Clearly, the main factor inhibiting this is a lack of financial or human resources. Those that are able to commit large budgets and resources specifically to sponsorship tend to follow the process closely. There is evidence, however, that even these larger organisations sometimes enter into sponsorship without clear objectives in mind.

9.0 SUMMARY

From the case studies, there are several key issues facing marketers as follows:

- Planning a sponsorship selection policy
- Setting objectives for the sponsorship
- Managing the sponsorship effectively
- Evaluating the sponsorship effectively

Case studies show that very few companies have in place a set sponsorship selection policy. Those that do, such as Australia Post and Telstra, tend to be the larger organisations with more resources to put into a sponsorship program. Another large organisation, the Commonwealth Bank, is also currently implementing a sponsorship selection policy.

Many of the smaller size companies do not have a sponsorship selection policy. The main reason is that very often these companies' sponsorship selection decisions are made by the one manager or small department. In the case of Australia Post, with over 30,000 employees Australia wide and a relatively flat management structure, it is important to create and enforce set guidelines for sponsorship selection. For a smaller company which runs its entire marketing program from one department, these guidelines are not as important.

Establishing guidelines will, however, make it easier for companies to continue through the theoretical approach to sponsorship by having set objectives and establishing a clear management and evaluation process.

While all companies based their sponsorships according to the particular market they are targeting, one of the biggest issues facing marketers is in setting sponsorship objectives. Uncle Tobys has a very successful sponsorship program, no doubt because of the clear objectives and benchmarks for evaluation that are set for each sponsorship.

Many of the companies set objectives which, while aimed at achieving corporate objectives, are not clearly measurable. This is evident in both large and smaller organisations.

Sponsorship management is another important issue facing marketers. Again the larger organisations are able to better manage sponsorship due mainly to the increased resources put into sponsorship programs. These companies are able to better market the sponsorship, both internally and externally. Sponsorship managers maintain strong relationships with properties.

In companies which do not commit resources to sponsorship management, the relationships between sponsor and property are not as strong. There is less likelihood

of sponsorship renewal because of this. While sponsorships often take several years to work properly for the sponsor, failing to establish a proper relationship with a property will increase the likelihood of the sponsorship being ineffective.

Evaluation of sponsorships is one of the biggest issues facing both sponsors and properties. Very few companies conduct independent market research to evaluate the sponsorship against objectives. Even fewer companies establish benchmarks up front to allow comparison. While many companies evaluate sponsorships against objectives such as sales, other factors besides the sponsorship are not taken into account. Sponsorship managers often need to justify to senior management or shareholders the reasons for sponsorship. This is why so many sponsorships which are reported as successes are in fact failures.

Establishing an effective method of sponsorship evaluation is the key to a successful sponsorship for both the property and the sponsor. Having an effective evaluation basically means that both the property and the sponsor need to be organised from the very beginning of a sponsorship. They must understand each other's objectives, set benchmarks for evaluation and work closely together to market and manage the sponsorship. If this is all done, as the theory indicates, the sponsorship is more likely to be of great benefit to both the sponsor and the property.

The main factor preventing effective evaluation is the lack of resources, both human and financial, committed to sponsorship management. For smaller companies the problem is understandable - the extra cost of committing more resources to create a more effective sponsorship program negates the benefits to be gained from such a program.

In any case, the fact is that to maximise effectiveness of a sponsorship requires more than just making a commitment to sponsor a property. Companies which do not support the sponsorship with proper planning, management and evaluation will not gain as much from sponsorship as those that do.

The findings of this study should make managers more aware of the need to provide such support. While cost reduction is a priority for all companies, this study shows that the trade off for cost reduction in a sponsorship is likely to be a less effective result.

Managers should also learn from those successful case studies which have involved careful planning, selection, management and effective evaluation. In theory, it is a simple and logical process. Like many theories it is tough to implement in the real world, but it can be done. And when it is done properly, the results make sponsorship a very worthwhile investment.

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APPENDIX ONE - ACKNOWLEDGMENTS

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Karen Guest, Corporate Marketing Manager, The Uncle Tobys Company Ltd, Melbourne.

Terry Hearity, Sponsorship Manager, Australia Post, Melbourne.

Paula Hempton, Marketing Manager, Victorian Institute of Sport, Melbourne.

Gordon Kane, Vice-President, Clarion Performance Properties, Connecticut, USA.

George Lawlor, Sports Marketing Manager, NIKE Australia, Melbourne.

Alan O'Neil, Sponsorship Unit Manager, Telstra, Melbourne.

Larry Sengstock, Marketing Manager, North Melbourne Giants Basketball Club, Melbourne.

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Libby Tavaszi, Marketing Manager, Melbourne Football Club, Melbourne.

Rosemary Towner, Australian Olympic Committee, Sydney.

Ann-Maree Townsend, Community & Media Relations Manager, Commonwealth Bank, Melbourne.

Jon Ukman, Publisher, IEG Sponsorship Report, International Events Group, Chicago, USA.

Bernadette Winspear, Sales Promotions Manager, Ford Motor Company, Melbourne.

Eric Wright, Vice-President, Joyce Julius & Associates, Michigan, USA.

APPENDIX TWO - INTERVIEW STRUCTURE

Interviews were open ended, following a basic set of questions as follows:

2.1 THE SPONSORSHIP COMPANY

Why is this company involved in sports sponsorship?

What do you get out of it? What are the key benefits for your company?

Do you feel that sponsorship is often a hit and miss type of marketing?

How important is sponsorship of sport in your overall marketing plan? Has this changed in recent years?

How do you target sponsorship? What are you looking for in prospective sponsorship?

Once a sponsorship is negotiated, how closely do you work with sponsorship property?

Do you take a hands on approach or is the sponsorship left largely to the property to work?

In the event of a sponsorship not being as effective as expected, who is accountable (company or property) and how does the sponsorship strategy change?

Could you give me an example of a sponsorship which has been successful from both the companies and the property's point of view? Why was it successful? Was it continued?

Could you give me an example of a sponsorship which has been unsuccessful from the company's and the property's point of view? Why was it unsuccessful? Was it continued? What was learned from that experience?

How is the effectiveness of a sponsorship measured?

2.2 THE SPONSORSHIP CONSULTANT

Why do properties and company's use sports sponsorship?

What do they out of it? What are the key benefits for both the property and the company?

Do you feel that sponsorship is often a hit and miss type of marketing?

How important is sponsorship of sport in the overall marketing plan of a company and of a property? Has this changed in recent years?

How do you target sponsorship? What are you looking for in prospective sponsorship?

Once a sponsorship is negotiated, how closely do you work with the company and the property? Is your role an ongoing role in the life of the sponsorship?

Do you take a hands on approach or is the sponsorship left largely to the sponsor to work?

In the event of a sponsorship not being as effective as expected, who is accountable (company or property or consultant) and how does the sponsorship strategy change?

Could you give me an example of a sponsorship which has been successful from both the companies and the property's point of view? Why was it successful? Was it continued?

Could you give me an example of a sponsorship which has been unsuccessful from the company's and the property's point of view? Why was it unsuccessful? Was it continued? What was learned from that experience?

How is the effectiveness of a sponsorship measured?

2.3 THE PROPERTY

Why is this property involved in sports sponsorship?

What do you get out of it? What are the key benefits for the property?

Do you feel that sponsorship is often a hit and miss type of marketing?

How important is sponsorship of sport in your overall marketing plan? Has this changed in recent years?

How do you target sponsors? What are you looking for in prospective sponsors?

Once a sponsorship is negotiated, how closely do you work with sponsors company in driving the sponsorship?

Do you take a hands on approach or is the sponsorship left largely to the sponsor to work?

In the event of a sponsorship not being as effective as expected, who is accountable (company or property) and how does the sponsorship strategy change?

Could you give me an example of a sponsorship which has been successful from both the companies and the property's point of view? Why was it successful? Was it continued?

Could you give me an example of a sponsorship which has been unsuccessful from the company's and the property's point of view? Why was it unsuccessful? Was it continued? What was learned from that experience?

How is the effectiveness of a sponsorship measured?

APPENDIX THREE - TOBACCO SPONSORSHIP

Traditionally one of the first industries to move into the sports sponsorship market, tobacco firms are under increasing pressure to move out, just as they were vetoed from our television screens ten years ago (Whannel, 1992).

The tobacco industry spent approximately \$20 million on sports sponsorship in Australia in 1990 (Sponsorship & Event News, 1995). And while government restrictions are now in place to effectively eliminate tobacco sponsorship of the arts and sport, it is a question of who the real losers really are.

The Tobacco Institute of Australia says it is the sports that lose. While government bodies such as the Victorian Health Promotion Foundation will attempt to fill the gap created by the demise of tobacco sponsorship, such a replacement will only be for a limited time.

Major sports such as Australian Rugby League and the Australian Cricket Board are still searching for a replacement sponsors for Winfield and Benson & Hedges respectively. It is expected that these major sports will be able to attract sponsors, probably away from the minor sports who previously were able to satisfy them.

So it appears that the smaller, low profile sports will be hardest hit by the tobacco bans, not the high profile sports such as cricket or rugby league which can offer the major sponsors hours of television coverage, media exposure, merchandising and corporate hospitality.

Public opinion is divided on the issue of tobacco industry sponsorship. According to the Sweeney Report, cigarette companies are the least favoured sports sponsors.

Despite this, 47% support their involvement and over 29% are strongly supportive. 35% are not in favour of cigarette companies sponsoring sport.

While the tobacco industry has all but been prohibited from sports sponsorship in Australia, there is a fear that these restrictions may spread from tobacco to alcohol.

APPENDIX FOUR - CASE STUDY OF THE 1992 OLYMPIC GAMES

There are four basic types of Olympic sponsorship. These are:

- Worldwide Olympic sponsorship through the International Olympic Organising Committee.
- Sponsorship of a National Olympic Committee such as the Australian Olympic Committee.
- Television sponsorship - buying advertising time during an Olympic broadcast.
- Ambush sponsorship marketing - creating the illusion of sponsorship without paying for the privilege.

DDB Needham Worldwide (1992), in its market research report on the effectiveness of Olympic sponsorship as described above, looked at 37 official sponsors which were either worldwide sponsors or sponsors of the United States Olympic Committee. According to their findings, only ten of the 37 official sponsors effectively communicated their sponsorship before, during and after the Games. Another five companies communicated their sponsorship only during the Games. The remaining sponsors who did not communicate their sponsorship missed a valuable, and expensive, marketing opportunity.

According to the research, about three out five adults said they 'try to buy a company's product if they support the Olympic Games'. Nearly half claimed they 'have a better opinion of a company if they are an Olympic sponsor'.

Those sponsors who effectively communicated their sponsorship over the long term traced their success to the following factors:

- A long-term Olympics marketing program that began well before the Games began.
- Large advertising budgets.
- Olympic-related promotions.
- The opportunity to display the Olympic symbol.
- Freedom from ambush marketers.

Among the successful sponsorship communicators were AT&T, Budweiser, Kelloggs, Kodak, McDonalds, M&M's, United Airlines, US Postal Service and Visa.

Some sponsors which concentrated most of their resources around the two-week Olympic schedule found that awareness of the companies diminished in varying

degrees after the Games. The best example of this was Coca-Cola, whose awareness jumped during the Games, only to fall back close to its nearest rival Pepsi, within a month of the Games.

Of the companies which did not clearly communicate their Olympic sponsorship to consumers, most of them spent little, if anything, on Olympic broadcasts.

An important benefit of Olympic sponsorship is an improvement in people's perceptions of the sponsors product or service. A sponsoring company will want an increase in awareness of its sponsorship to be accompanied by an increase in perceived product superiority.

Six official sponsors were able to communicate this by running advertising that explicitly mentioned their competitive advantage. Much of that advertising was with an Olympic theme to communicate that advantage.

APPENDIX FIVE - CASE STUDY OF THE 1994 WORLD CUP OF SOCCER

Over \$300 million in sponsorships were signed up for the 1994 World Cup in the USA, an event which attracted over 30 billion TV viewers (Kimball, 1994).

Marketeers volleyed their messages to soccer fans with on-field signage, TV spots and various other methods to promote their brands.

FIFA, the worldwide governing body of soccer sold ten 'official sponsor' slots for an estimated average of \$US15million to General Motors, MasterCard, McDonalds, Canon, Coca-Cola, Fuji Photo Film, Gillette, M&M/Mars and Philips Electronics. These first tier marketeers received worldwide rights to all logos, category exclusivity and between two and four sign boards per venue during the games (Kimball, 1994).

Second-tier marketeers or 'official marketing partners', received worldwide rights to logos, category exclusivity and one sign board at each venue. These second-tier marketeers, who signed on for an estimated \$US7million, included Sprint Corporation, Adidas, American Airlines, Anheuser -Busch, Electronic Data Systems, ITT Sheraton, Sun Microsystems and UpperDeck.

MasterCard International spent \$US30million on an integrated marketing effort, running twenty different programs worldwide. Their major goal was brand awareness. MasterCard inundated the airwaves with 708 30-second TV advertisements.

Canon, who spent about \$US10million on top of the sponsorship fee for the World Cup, also concentrated on brand awareness. According to David Farr, senior vice-president for corporate communications, "Canon has hundreds of products branded under the Canon name in 130 countries, so branding is very important to us. Our efforts all have to do with increasing the brand awareness of Canon" (Kimball, 1994).

A second-tier marketer, Sprint Corporation used its sponsorship to build on the telecommunication and data transfer services it supplied to the World Cup. The message Sprint successfully got across to its target market was 'If we can do this for the World Cup, we can do this for you', according to Mike Goff, director of corporate sponsorships for Sprint Corporation (Kimball, 1994).

While World Cup organisers landed themselves in hot water several times for inadvertently opening the door on ambush marketeers, those official sponsors believed their sponsorship was more than worthwhile in achieving corporate goals, particularly in terms of raising brand awareness.