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**MEASURABILITY OF SPONSORSHIP EFFECTS: A CORPORATE  
COMMUNICATION PERSPECTIVE**

by  
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## **ABSTRACT**

Sponsorship is a versatile medium which transcends all boundaries of marketing and public relations. However, despite its versatility and flexibility as a communication tool, it has either been over/under estimated mainly due to lack of valid measurement methods to validate its legitimization as a commercially beneficial communication tool. Therefore, the aim of this study is to explore the measurability of sponsorship effects, and possible methods of measurement used/to be used. To this end, initially to set the theoretical background and dynamics behind it, various definitions of sponsorship have been made to fully understand what the concept stands for; followed by detailed examination of its differentiation from and commonality with other communication tools, along with its aims, effects and issues related to its measurability with possible methods used/to be used in its measurement.

To get a “deeper” understanding of measurability of this multi-dimensional communication tool as regards the Turkish market, in-depth interviews have been conducted with communication/public relations professionals both from agency and corporate job-settings. The data obtained have been categorized on the basis of the opinions put forward by the interviewees to draw up a qualitative analysis. Results showed that sponsorship effects are measured in Turkey, though on the basis of different methods depending on the type of the company- being a brand, corporate or holding company operating in diverse business lines. Need for high budgets appeared to be main drawback in sponsorship measurement. Prior or post market research is done not for particular sponsorship projects, but as a general one where sponsorship is inserted. Each respondent mentioned various methods to measure sponsorship effects where media coverage ranked the first. Communication/public relations professionals reviewed the issue from a broader corporate perspective indicating the importance of decision-making process, and major drawbacks in its management which might have adverse effects on its measurability. Overall, setting measurable objectives was expressed as the common prerequisite to obtain measurable results. In the end, a guideline to sponsorship selection and measurement is proposed to demonstrate issues which need to be resolved to engage in commercially exploitable sponsorship programs.

**Key words:** Sponsorship, sponsorship effects, measurement of sponsorship effects, measurability of sponsorship effects.

## ÖZET

Sponsorluk pazarlama ve halkla ilişkilerin bütün sınırlarını aşan, çeşitli alanlarda kullanılabilir bir araçtır. Ancak, bir iletişim aracı olarak farklı alanlarda kullanılabilmesine ve değişik durumlara uyarlanabilmesine rağmen, ticari yönden faydalı bir iletişim aracı sayılabilmesini sağlayacak geçerli ölçme yöntemleri bulunmaması, sponsorluğa bazen gereğinden fazla bazen de az değer verilmesine neden olmuştur. Bu çerçevede, bu çalışmanın amacı; sponsorluk etkilerinin ölçülebilirliğini ve kullanılan/kullanılabilir olası ölçme yöntemlerini ortaya çıkarmaya çalışmaktır. Bu doğrultuda, ilk olarak sponsorluğun teorik olarak temelinin ve arkasındaki dinamikleri belirlemek amacıyla sponsorluğun farklı birçok tanımına yer verilmiştir. Burada amaç, bu kavramın tam olarak neyi ifade ettiğini ortaya çıkarmaktır. Daha sonra sponsorluğun diğer iletişim araçlarıyla benzer ve farklı yönleri; amaçları, etkileri, ölçülebilirliğine ilişkin konular ve ölçülmesinde kullanılan/kullanılabilir olası yöntemler detaylı olarak incelenmiştir.

Bu çok yönlü iletişim aracının ölçülebilirlik açısından Türkiye pazarındaki durumunu daha “derin” olarak anlamak amacıyla, kurumsal şirketlerden ve halkla ilişkiler ajanslarından iletişim/halkla ilişkiler profesyonelleriyle derinlemesine görüşmeler yapılmıştır. Elde edilen veriler niteliksel bir analiz oluşturmak için, görüşme yapılan kişilerin görüşleri doğrultusunda çeşitli kategoriler altında toplanmıştır. Görüşmelerin sonuçları- sponsorluğu yapan şirketin; bünyesinde sadece çeşitli markalar barındıran, kurumsal ya da çeşitli iş kollarında faaliyet gösteren bir holding olmasına bağlı olarak-Türkiye’de sponsorluk etkilerinin ölçüldüğünü göstermiştir. Sponsorluğun ölçülebilirliğini olumsuz yönde etkileyen temel nedenin, bunu gerçekleştirmek için gereken yüksek bütçeler olduğu ifade edilmiştir. Bununla birlikte, sponsorluktan önce veya sonra yapılan pazar araştırmalarının yapılan sponsorluğa özel olarak değil, genel bir pazar araştırmasının kapsamına sponsorluğun da dahil edilerek yapılmakta olduğu belirtilmiştir. Görüşme yapılan her kişi sponsorluk etkilerinin ölçülmesiyle ilgili ayrı bir yöntem belirtmiştir. Ancak verilen cevaplar içinde, medya tarama yöntemi ilk sırada yer almaktadır. İletişim/halkla ilişkiler uzmanları konuyu daha geniş kurumsal bir bakış açısıyla değerlendirmiş olup; sponsorluk etkilerinin ölçülmesini kötü yönde etkileyebilecek olan; sponsorlukta karar verme sürecinin önemine ve sponsorluğun yönetimindeki sorunlara değinmişlerdir. Genel olarak, ölçülebilir sonuçlar elde edebilmek için, önceden ölçülebilir hedefler belirlemenin zorunluluğu ifade edilmiştir. Çalışmanın sonunda da, ticari olarak faydalı olabilecek sponsorluklar gerçekleştirebilmek için çözülmesi gereken sorunları ortaya koymak amacıyla, sponsorluk seçimi ve ölçülmesindeki temel noktalar belirtilip bunlara öneriler sunulmuştur.

**Anahtar sözcükler:** Sponsorluk, sponsorluk etkileri, sponsorluk etkilerinin ölçülmesi, sponsorluk etkilerinin ölçülebilirliği.

## **1. INTRODUCTION**

Communication enables an organization to create awareness of a firm's strategic goals to the environment where the firm is operating. This makes communication policies of great importance especially in an era where anyone can become "aware" of anything thanks to the developments offered by the information society. Thus, communication policies need to be multidimensional so that they can leak into all channels of this society governed by information. Up to recently, organizations used conventional communication tools- i.e. advertising, public relations, sales promotion, etc.- to make their voice heard to their publics. However, excessive information supply of organizations to the market where the information has been similar in nature caused these communication tools being regarded as "insufficient", and opened the way to search for more "effective" ways which resulted in the emergence of sponsorship as a new communication opportunity.

There are several reasons behind sponsorship's fast development as a communication tool. First of all, although at the most basic level it is used to make the target audience aware that a company is sponsoring an event, it is in fact a business transaction used to achieve mutually agreed objectives to obtain tangible, and commercial benefits in the end result. Furthermore, capable of accommodating various promotional elements under its umbrella, it not only offers opportunities in terms of communication by providing shared experiences to the target market, but also contributes to the competitive advantage of a firm.

Needless to say, the success of sponsorship, like in any other business transaction, is dependent upon whether or not the objectives are achieved. In spite of its wide use both as a domestic and an international marketing tool along with large sums of money being invested, surprisingly, few organizations attempt to measure the effectiveness of their sponsorship which has formed the basic motivation behind this study.

In this respect, this study is not an attempt to evaluate the methods used in the measurement of sponsorship effects, either as common practice or as used by Turkish communication/PR professionals, but rather to explore, (1) the underlying factors affecting

its measurability; and (2) common practices adopted by practitioners, with a view to draw a framework which would act as a basis to take into consideration on the way to establishing guidelines in the development of a more sound approach to sponsorship, and thus to its measurability. To this end, a two-step study has been conducted.

The first step involves secondary research where a literature review was made to establish sponsorship as a concept, examining its various definitions; to understand its objectives, effects; to put together various measurement methods as being used in the research of some scholars which also revealed the fundamental issues in sponsorship measurement. In the literature reviewed, measurability of sponsorship appeared to be the most “problematic” aspect of sponsorship which is considered to arise from sponsorship’s not being understood to the full as a communication tool. Given this, literature review was followed by a primary research as a crosscheck and supplement to what has been found out in more detail from the perspective of Turkish communication/PR professionals.

The main hypothesis of this study is the question that whether sponsorship effects can be measured or not considering its multidimensional execution process. Therefore, four main research questions are designed to test this hypothesis. The questions are comprehensive in nature so that all aspects pertaining to sponsorship, and, inevitably, on its measurability can be depicted. As the second step, in-depth interviewing is adopted as the appropriate method to explore various insights to these questions. The reason for this is that measurement of sponsorship is a “high-profile activity” which is not “talked” in large circles. This has also required a technique which would not affect the sincerity and trustworthiness of the interviewees. So, in-depth interview has been useful to obtain “deep” information from these professionals, starting from its decision-making process to the methods used in its measurement, so that the drawbacks/deficits in its measurability could be revealed. Thus, the sample size has been small, but representative in this respect. The reflections of the professionals were consistent with those findings in the literature, in that measurability came out to be the most “problematic” aspect of sponsorship. Further analysis of research findings on the basis of categories also served the descriptive nature and overall aim of the study in its attempt to see the whole picture by putting together the pieces of the jigsaw puzzle. Additionally, using open-ended questions has been consistent



with the outcome of the interviews where measurability of sponsorship has been expressed as an “open-ended” issue which can be achieved depending on the nature of the objectives set.

Finally, it also important to note that in this study, the terms *sponsorship program* or *sponsor activity* are used to refer to *event sponsorship*, excluding broadcast sponsorship. Broadcast sponsorship is only mentioned in “Categorical Analysis” (Section 6.5.1), for being considered as significant in respect of a corporate company.



## **2. SPONSORSHIP AS A CONCEPT**

### **2.1 Definition**

Before defining the concept of sponsorship, it will be useful to look at the etymological background of the word, as it will give clues about what the concept stands for. Etymologically, the word sponsorship comes from the word *spondeo* which is a Latin word of Greek origin. In Latin, *spondeo* means “to promise to do something seriously and in a determined way, to commit to do something”, it also means “to undertake something, to guarantee something”. The word sponsor means “someone who gives a promise” or “guarantor” in the literal sense. In English, the word sponsor is used for “guarantor”. The concept of sponsorship was initially used for agreements which levied responsibilities only to one party. However, with the changes in practices of radio and television advertising, the term came to stand for agreements levying liabilities to both parties. As such, those corporate and individual bodies that finance or bear the expenses of radio or television broadcasting for advertising purposes came to be regarded as a “sponsor”. (Imamoğlu, 2003).

Although the word sponsor looks simple in its dictionary meaning, it has not been very easy to define the term, as for Crimmins and Horn (1996), “sponsorship is powerful but often a misunderstood form of consumer persuasion” (p. 11).

Meenaghan (1991) defines commercial sponsorship as “an investment, in cash or in kind, in an activity, in return for access to the exploitable commercial potential associated with that activity” (p. 36). This definition demonstrates from the sponsor’s point of view that the sponsor is paying a price which is his investment, and which he is doing in return for permission to exploit a particular activity. According to Meenaghan (1991), “essentially the sponsor is buying two things: (1) the exposure potential which the activity has in terms of audience, and (2) the image associated with that activity in terms of how it is perceived” (p. 36). However, Cornwell and Maignan state (1998) that the goals of sponsorship according to Meenaghan is not clear yet, as his definition does not take into account the communication objectives and “does not allow for non-commercial

sponsorship” (p. 11). Javalgi *et al.* (1994) define sponsorship as “the underwriting of a special event to support corporate objectives by enhancing corporate image, increasing awareness of brands, or directly stimulating sales of products or services” (p. 48). According to them, sponsorship can be individual or joint; the event can be a one-time affair or a continuing series of activities (Javalgi *et al.*, 1994). Furthermore, Meenaghan states (2001) that to some sponsorship is seen as a “rite of passage”, something only undertaken by “big companies” (pp. 200-201) who are large enough and therefore, have adequate funding to undertake such activity. This interpretation of sponsorship implies that sponsorship is a vehicle to transfer values “such as size, status, and security” (Meenaghan, 2001, pp. 200-201). He also indicates that sponsorship is based on three tenets: “goodwill, image transfer and the concept of fan involvement” (2001, p. 95).

Instead of sponsorship, some other terms are also used, namely *event sponsorship* and *sponsorship marketing*. As the terms suggest, in these types of sponsorships, the main focus of the sponsorship is the event. Mack defines (1999) these terms as referring “to supporting various types of event ranging from local Little League teams, educational partnerships, and health fairs, to college basketball teams, around-the-world sail boat races, professional auto racing, and even to the Olympic Games” (p. 25). Another more comprehensive definition of event sponsorship is made by Dean where he states that “the position of the company is switched from being the object of endorsement by a third party to being an endorser of an event, or some component thereof” (1999, p. 4). Cunningham, Taylor and Reader (cited in Cornwell and Maignan, 1998) also have difficulty in differentiating sponsorship from event marketing. According to them, “the term *event marketing* encompasses the notion of event sponsorship; however, it is also used to describe the integration of the marketing mix elements, around an event theme for the purpose of reaching strategic marketing objectives” (pp. 11-12). Thus, those researchers imply that sponsorship is a component of event marketing, but do not define the term independently. For Cornwell and Maignan (1998), “event marketing is a term that designates multiple phenomena; it denotes both the marketing *of* events and marketing *with* events. The marketing *of* an event is a phenomenon unrelated to sponsorship. Event marketing is within the domain of sponsorship research when the event’s organizers sell

sponsorship rights in exchange for a fee, and when those sponsorships are exploited in the sponsor's promotions" (pp. 11-12).

Mullin *et al.* (cited in Lee *et al.*, 1997) added more confusion by replacing sponsorship with the construct of "*promotional licensing*" (p. 162). For Lee *et al.*, the inclusion of licensing in the definition "will open a whole new 'Pandora's box' of confusions between sponsorship and merchandising of an event" (p. 162).

Apart from the above "definition chaos", Meenaghan makes a distinction between broader terms. For Meenaghan (2001), "*event sponsorship* is a collective term given to the sponsorship of various activities in the fields of sports, arts, and causes and may involve the sponsorship of teams, players/artists and competitions; *broadcast (program) sponsorship* refers to the sponsorship of the television or other broadcast of an event" (p. 98). He notes that the distinction is more emphasized in Europe, where broadcast sponsorship is more recent than in the United States, where sponsors of broadcast programs are often referred to as "advertisers" (p. 98).

Public relations counselor Art Stevens, (cited in Kendall, 1996), describes *special-events marketing*, which is also a term used for sponsorship, as "the process that 'promotes products by linking them to events, issues, or ideas of inherent interest to consumers'" (p. 270). He contrasts traditional product publicity, which focuses on the product's features and benefits, with event sponsorship, which he labels as "*brandstanding*" (p. 269) and contends (cited in Javalgi *et al.*, 1994) that "associating a proven product or service with an event or issue of interest to consumers creates for the brand an aura of excitement, interest, and reliability, and renewed vitality" (p. 47). What he means by *brandstanding* is that a "rapport" is established between consumers and a product by the "links that connect the product to an event of public interest" (cited in Kendall, 1996, p. 270).

The definition made by D'Astous and Bitz (1995) is more clear in terms of stating the benefits a firm may have come to expect from sponsorship: "sponsorship is an element of the communication mix where a firm provides some financial support to an entity, which may be an individual (e.g. sports), an organization (e.g. humane society), or a group

(e.g. orchestra), in order to allow this entity to pursue its activities (e.g. cultural event), and at the same time, benefit from this association in terms of global image and consumer awareness of the firm's market offerings" (p. 6). Different from the above, Cornwell's (cited in Cornwell *et al.*, 2001) definition of sponsorship, or, as he puts "sponsorship-linked marketing" (p. 41), sees sponsorship as an element of the total marketing communications mix and regards it "as the orchestration and implementation of marketing activities for the purpose of building and communicating an association to a sponsorship" (p. 41). This definition is important in the sense that, using the word "orchestration", it attaches importance to the harmony of all communication elements used in sponsorship.

Gardner and Shuman (cited in Lee *et al.*, 1997) offered the following definition: "Sponsorship is investing in causes and/or events to support overall corporate objectives or marketing objectives" (p. 161). This definition is criticized by Lee *et al.* (1997) on the grounds that "it is too general and does not help to distinguish between various types of investment. Furthermore, the definition does not recognize the need to leverage a company's sponsorship status" (p. 161). Another definition is mentioned by Lee *et al.* (1997) which they regard as "loose", and which follows that sponsorship is "a variety of arrangements between companies which provide some kind of resource (money, people, equipment), and events or organizations which are the beneficiaries of the resources (p. 161). The reason for this definition's being regarded as "loose" may lie in the fact that it does not set the objectives of sponsorship specifically, and sees it as a "variety of arrangements" rather than an agreement.

The definition of Gardner and Shuman (1988) base sponsorship on two main objectives and underline the multidimensional nature of sponsorship:

"... Sponsorship may be defined as investments in causes or events to support overall corporate objectives (for example, by enhancing company image) or marketing objectives (such as increasing brand awareness). They are not usually related to traditional media buying channels. Sponsorships can provide funds to a wide variety of organizations and activities, including sports, music, cultural, charitable, public television, and community events" (p. 44).

The most comprehensive definition in terms of stating the purpose and benefits expected to be gained from sponsorship is made by Abratt *et al.* (1987):

“... Sponsorship is an agreement in terms of which a sponsor provides some aid to a beneficiary, which may be an association, a team or an individual, to enable the latter to pursue some activity and thereby the benefits contemplated in terms of its promotion strategy.

The aid provided may be;

- a) financial, or a guarantee of financial assistance, for example, playing the shortfall of any costs incurred,
- b) a service or provision of expertise, for example, providing transport or supplying computer operators.

The benefits may be:

- a) exposure on TV and other media,
- b) creating name awareness of the product/company,
- c) promoting public relations of the firm,
- d) publicity” ( pp. 300-301).

Imamoğlu also agrees that (2003) there is a debate on the definition of sponsorship both in theory and practice. However, also adds (2003) that “it is generally agreed that sponsorship is a transaction based on mutual benefit and also a multifunctional communication vehicle” (p. 27). Following the above definitions and the characteristics, it is easily seen that sponsorship is not a concept that one comes across only in some sports games or festivals. It is rather a business decision in today’s competitive environment where companies are trying to discover new ways of attracting more and more costumers. In fact, this aspect of sponsorship, or rather its “essence”, is mentioned by Abratt and Grobler (1989) in their definition of “*modern sponsorship*” which they define as “a mutually beneficial business arrangement between sponsor and sponsored to achieve defined objectives” (p. 352). Sponsorship’s being a business arrangement can also be substantiated by Farrelly, *et al.* (1997) by their consideration of sponsorship as “a strategic

rather than a solely communication focused tool” (p. 178) which extends the scope of the concept from a communication tool to a vehicle serving a strategic function. Thwaites suggests (cited in Dolphin, 2003) that “sponsorship involves a business transaction” (pp. 175-176). This proposition, as interpreted by Dolphin “reflects the phasing out of the donation mentality and its replacement by an economic-based partnership” (pp. 175-176).

Another definition comes from Olkkonen *et al.* (2000) where they present the viewpoint that “sponsorship is usually presented as one element in a society-wide process of sending a set of stimuli to a market (different target groups) with the intention of evoking a desired set of responses within that market” (p. 13). They found their perspective “on the basis of marketing management and communications-related rhetoric”, and argue that “current sponsorship research draws heavily on the stimulus- organism-response (S-O-R) type of thinking, in which, the seller’s marketing activities (S) (using sponsorship as a mass communication tool) influence buyer response (R) (positive attitudes towards the sponsor or its brand), depending on the different characteristics of the buyer (O)” (p. 13).

Kitchen approaches (1999) the concept from a public relations perspective, emphasizing the long-term effects of sponsorship. For Kitchen, “in supporting an activity or event, the company’s managers will expect a tangible return for their money and organization or a product or brand, for example. The public relations manager can hope that their key group(s) remember(s) the company and its offerings long after the financial support has ended” (p. 118).

Dean (2002) regards sponsorship as “*corporate altruism*” or “*corporate self-interest*” (p. 82).

Javalgi *et al.* (cited in Dean, 2002) establish a resemblance between sponsorship and celebrity endorsement:

“... Sponsorship is defined as investments in causes or events to support corporate objectives, such as an enhancement of corporate image or an increase in brand



awareness. For the payment of a fee (or other value) to the sponsee, the sponsor receives the right to associate itself with the sponsee or event. This linkage is then promoted by the sponsor, often using the logo of the sponsee in advertising the linkage. By associating itself with the sponsee, the sponsoring firm/brand shares in the image of the sponsee, much the same way a product shares the image of a celebrity who endorses it” (p. 77).

This aspect of sponsorship is also mentioned by McDaniel. According to McDaniel (1999), indicating that this notion is “untested”, “sponsorship functions like celebrity endorser advertising, in that it can indirectly persuade targeted consumers by allowing a sponsor’s brand to share the image of a highly regarded sport or event” (p. 164).

In Gillies’s definition of sponsorship, the vital word is “benefit”, where she describes it as “a highly effective and imaginative communications medium which uses all the marketing disciplines under one umbrella. Sponsorship can be defined as the payment of a fee to another organization (with which the sponsor has no direct connection), the support of which both parties hope to benefit from” (1991, p. 1). Apart from “benefit”, another aspect highlighted in this definition is the integrative nature of sponsorship, gathering all marketing tools. Knecht and Stoelinga’s description (cited in Van Riel, 1995) of sponsorship is important as it specifies this “benefit”. They describe sponsorship “as an activity which an institution (the sponsor) gives material (usually financial) support to (a) an association or individual for the presentation of sporting or artistic performances, or other performances of a kind interesting to a particular public, or (b) the organizers of a cultural or sporting event, in exchange- as a minimum- for mention of its brand name” (p. 11). In this definition, sponsorship’s being based on an exchange and mutual benefit, namely “brand name”, is emphasized. The concept of “exchange” is also mentioned by Cornwell (1997) in his definition of sponsorship as “involving two main activities: (1) an exchange between a sponsor and a sponsee whereby the sponsor provides a fee to the sponsee and return obtains the right to associate itself with the sponsee’s activity or event, and (2) the marketing of this association by the sponsor” (p. 243).

A further definition from Kotler (2003) refers to the “experiential” nature of sponsorship. For Kotler, “sponsorship is one of the efforts of building a brand through *branded experiences*, or *experiential communications*- terms used by the Jack Morton Company” (p. 431). This perspective underlines the “... first-hand experiences that go deeper than just hearing or seeing an ad for a product” (p. 431). Kotler’s interpretation is further supported by Duncan (2002), as he believes that a brand can differentiate itself “by creating an experience around its product” (p. 635). In other words, instead of selling product performance, companies should sell the brand experience. This becomes more clear in Gilmore and Pine (cited in Duncan, 2002):

“... For a brand experience to be successful, it must offer enjoyment, knowledge, diversion, and/or beauty. The experience can be passive or active. Passive experiences are those that entertain or provide aesthetic enjoyment, such as visits to museums or demonstrations of a product. Active experiences are ones in which customers participate, such as learning or escaping- the issue is a ‘sensory interaction’, such as a ‘tasting’ during a tour of a food or beverage plant” (p. 635).

These two approaches of differentiation of brands are of vital importance in the world of globalization, where the products are becoming similar with the increasing technology, followed by clutter created by this similarity on the part of the consumer.

Although sponsorship and its relations with and differences from other communication tools will be examined in more detail in Section 3, it will be worthwhile to define sponsorship by also comparing it with advertising. For Crimmins and Horn (1996), “sponsorship is a means of persuasion that is fundamentally different from traditional advertising. Sponsorship persuades indirectly. Sponsorship does not try to change the perceptions of the brand in frontal assault. Rather, sponsorship improves the perception of a brand by flanking our beliefs about the brand and linking the brand to an event or organization that the target audience already values high” (p. 12). This definition can be related to the experiential nature of sponsorship whereby it affects people unconsciously. However, the opposite situation can also take place, that is, people might have a negative view of the brand/company which might be changed by the sponsored event.

Due to the applicability of the concept of sponsorship in various fields, each definition reflects the view of the perspective it is based on. As such, Grassinger (2003), defining sponsorship from a legal perspective, considers sponsorship as “an agreement which levies liabilities to both parties” (p. 21). In this respect, the sponsor guarantees to provide the necessary support to the sponsee to realize an activity. In return, while executing the subject activity, the sponsee commits to serve as a vehicle in reaching the sponsor’s communication objectives via executing the subject activity (Grassinger, 2003).

Although it can be inferred from the above mentioned definitions what sponsorship stands for, it will be useful to summarize its prominent characteristics as follows:

- Sponsorship is based on reciprocity,
- Sponsorship acts as a means providing incentive to realize an event,
- Sponsorship plays an important role on the part of the sponsor to communicate with the public,
- Sponsorship does not have a separate, individual and independent structure from other communication vehicles. It should not be regarded as a substitute to other means of communication. It is a multifunctional and complementary tool,
- It is an important vehicle in terms of competitive advantage,
- Sponsorship can be regarded as a revolutionary development in marketing as it can intervene between the leisure times of the target audience, and can therefore, has the ability to influence them in different ways,
- The business-line of the sponsor and the sponsored event need not always be related to each other. In this respect, the activities of the sponsor and the sponsorship types can be examined under four groups:
  - 1) There might a strong link between the sponsored activity and the activities of the sponsor such as Adidas’s sponsorship of a football team.
  - 2) Sometimes there can be a parallelism between these two activities. For example, Pepsi’s sponsorship of a pop music concert.
  - 3) There might an indirect link between these activities such as an insurance company’s sponsorship of travel books.

- 4) In the last case, there might be no link between the activities. For example, a bank may sponsor a jazz festival (Grassinger, 2003).
- As a marketing activity, it may vary in terms of:
    - a) “the nature of the sponsored property (e.g., arts, causes or sports),
    - b) the size and scope of its appeal (e.g., local, national or international),
    - c) its duration (e.g., a day, a week or a season);
    - d) related media coverage (e.g., live or tape delayed on broadcast or cable TV),
    - e) the number of sponsors involved and the level of financial commitment for each sponsor (e.g., title sponsor or official supplier), and
    - f) opportunities for event signage, as well as product/packaging tie-ins” (McDaniel, 1999, p. 165).

As mentioned above, there are many definitions of sponsorship, each emphasizing one or various aspects of the concept. Still, there is not a comprehensive one made. The reason for this multitude of definitions obviously stems from the nature of the sponsorship itself which is made clear by Mack (1999):

“Sponsorship varies widely in a number of aspects including event type, dollar expenditure, extent of professional planning and objectives, number and type of participants, media exposure, and geographic context. Whether the type of sponsorship is financial, media, or in-kind support, the list of company benefits derived from it can range from publicity, to product sales, image enhancement, or even improved employee morale” (p. 25).

## **2.2 Development of Sponsorship**

### **2.2.1 Historical development**

Sponsorship, in the sense of providing financial support for worthy subjects, causes and individuals, “stems from the patronage to artists and musicians by wealthy royalty and aristocracy” (Jefkins and Yadin, 1998, p. 180). In addition, Pope (1998) states that commentators have found various historical contexts for the origins of sports sponsorship

according to whom origin of sports sponsorship dates back to the times of the wealthy of ancient Greece where athletic and arts festivals were supported “in order to enhance social standing and gladiators could be supported (or owned) by members of the Roman aristocracy for the same purpose” (p.1).

Being the most-widely used area of sponsorship, and offering the opportunity to take full advantage of the term, sport also marks the beginning of sponsorship of commercial organizations. As summarized by Grassinger (2003), the sponsorship of commercial organizations to carry out sponsorship activities to serve their own interests began in “England in the 19<sup>th</sup> century in sport with wide audiences, such as tennis, horse-racing and cricket to take advantage of the communicational effects of sport on public” (p.23). Meenaghan (1991) indicates that commercial sponsorship, as it is known today, “has merely been with us since the middle to late 1960s” (p. 5). Similarly, Grassinger (2003) states that sponsorship, in today’s sense, developed in 1970s first in the United States, followed by England and Continental Europe. At the beginning of 1980s, cultural sponsorship began to play an important role. Sponsorship of environmental activities started at the beginning of 1990s.

Pope’s statements about the historical development of commercial sponsorship shed light on how this tool was used in its early form. According to Pope (1998), “the first modern, commercial use of this promotional activity has been traced to the placement of advertisements in the official program of the 1896 Olympic Games and the product sampling rights purchased by Coca Cola for the 1928 Olympics. Australia may have been the first nation to have been involved in sports sponsorship when, in 1861, Spiers and Pond sponsored the first tour of Australia by the Marylebone Cricket Club, claiming a profit from the activity of 11,000 Australian Pounds. The first recorded use of sponsorship of sport in the United Kingdom occurred in 1898, when the Nottingham Forest soccer team (that year’s League champions) endorsed the beverage company Bovril” (p. 1). These findings reveal the resemblance between the past and present uses of sponsorship, since it is also a common practice today to see beverage companies, or Coca Cola on billboards at major events.

The exploitation of sponsorship for commercial reasons was identified as “one of the 20 most prominent growth trends in marketing during the 1980s” (Meerabeau *et al.*, 1991, p. 39). For Meenaghan (1996), its ability “to transcend language and cultural barriers has made sponsorship an attractive global marketing option” (p. 103), which resulted in sponsorship’s becoming the most appealing marketing communication tool of the 21<sup>st</sup> century.

### **2.2.2 Emergence of sponsorship as a marketing communications tool**

Although sponsorship has been used since ancient times, the emergence of the concept as a marketing communications tool can be regarded as new compared to other communication vehicles. The emergence of the concept in the sense of serving the marketing objectives of the businesses has been fuelled by the globalization process where the companies need both to be local and global. In other words, in order to reach markets and to be effective in them, the companies need to find ways that will help them not only reach their target audiences but also differentiate themselves from their competitors by gaining a competitive advantage both in the domestic and international arena.

Another factor which obliges companies to use sponsor as a marketing communications tool is for Crowley:

“The emergence and now virtually universal acceptance of sponsorship as a component of the marketing mix is due to capacity of sponsorship to perform certain key marketing tasks particularly well. In an environment of media clutter and audience fragmentation, sponsorship can overcome the now severe difficulties encountered by advertisers in gaining attention and interest from a wide range of publics who may have limited interest in the sponsor’s advertising” (1991, p. 11).

Therefore, it goes without saying that advertising has been subject to “zapping” of the target audience which is overcome by sponsorship as it provides an interactive environment where the viewers have become “participants, attendees, spectators, or observers” experiencing, that is, “consuming an event” (Gwinner, 1997, p. 157).



As the companies understood the importance of sponsorship in time, they extended the scope of their sponsorship arrangements. In other words, they began to get involved in sponsorships as a “corporate” rather than as a “single product/brand”. Thus, in the second half of the 1980s, sponsorship grew to include what is known as “corporate sponsorship” Here, by not focusing solely on a product/brand, the sponsorship is “coupled with the name and reputation of the company or group” (Meerabeau *et al.*, 1991, p. 42). Another reason for the company’s preference of corporate sponsorship apart from the versatility of the sponsorship is that much corporate advertising does not seem to be a cost-effective way to enhance the image of an organization. According to Dowling (2002), the reason for this is that “many corporate advertisements focus on the organization’s aspirations rather than its deeds. Such aspirational advertising is often appreciated by employees but ignored by customers. The corporate advertising that seems to work best is which directly supports the value proposition of the products and services offered to customers” (p. 58).

In this respect, the differences between brand and corporate sponsorship as shown below summarize the functions of both concepts as a marketing communications tool, and makes it clear to understand why companies have turned towards corporate sponsorship:

<b>Brand sponsorship</b>	<b>Corporate sponsorship</b>
Short-term	Longer-term
Marketing-led	Corporate affairs-led
Decided at brand level	Decided at board level
Pay-back tightly quantified	More speculative
Aimed at targets external to the company	For external reasons
Aimed at brand users and potential users	Aimed at opinion formers

**Table 2.2.2** Differences between corporate and brand sponsorship (Meerabeau *et al.*, 1991, p. 42).

As discussed above, a further reason for the importance being attached to sponsorship is that it contributes to the image and reputation of an organization. Traditionally, accountants and others concerned with the financial evaluation of business have “always been skeptical about intangible assets like brands, and used to ignore



companies who wanted to put a value on ‘goodwill’ or ‘reputation’” (Olins, 2000, p. 64). Nevertheless, since the mid-1990s, “it is becoming evident that intangible assets have real financial value, and that the accountants are trying to answer the question: ‘How much is a brand worth?’” (Olins, 2000, p. 64). In this regard, sponsorship has become a prominent marketing communications tool, since it adds *value* to the intangible assets, namely to the image and reputation of the company by creating goodwill on the part of the target audience. This is also prevalent in the following statement of Hoffman:

“... In the 90s, increasing competition combined with downsizing has created an environment in which marketing goals and philanthropic programs are combined. Strategic giving can raise public awareness and a favorable image of a cooperation that plain advertising cannot match” (1998, p. 27).

Along with this, as indicated by Thompson and Quester (2000), “there is a two-way exchange of value and communication between a sponsoring firm and a sponsored entity. Such arrangements are usually no longer arrangements of goodwill, but economic agreements, backed by legal contracts, definitions of property rights and a focus on returns of investment” (p. 1263). These developments reveal that “the arts, as well as sports, are characterized by mutually-beneficial, marketing-driven arrangements in which philanthropy is aligned with profit motives” (Thompson and Quester, 2000, p. 1263). Hence, the roots of sponsorship- philanthropy- is giving way to a more economical investment.

Although the historical facts and reasons mentioned above explain the course of development of sponsorship, the following statement summarizes the basic idea behind its emergence and becoming the fifth most popular form of promotion used by U.S. firms, with about \$7 billion allocated annually to event sponsorships (Semenik, 2002):

“... Globalization, it is argued, creates an environment of massive uncertainty. In such an environment, only those organizations that can ‘stay close to customer’- reflexively reconstituting their conduct to become ever more enterprising and innovative- will survive and prosper. In other words, the successful management of

globalization and its effects requires constant 'creativity' and the continuous construction and reconstruction organizational forms that rest less upon 'mechanistic', bureaucratic practices and increasingly upon the development of more flexible, reflexive, and hence 'entrepreneurial organizational forms and modes of conduct. If the winners and losers in this global economy are to be determined largely, if not exclusively, by their competitiveness, then it comes as no surprise to learn that 'enterprise' is regarded as a quality that no player in the global market game can afford to be without, whether nation, firm, or individual" (Gay, 2000, p. 68).

### **2.2.3 Reasons for sponsorship growth**

Apart from the reasons mentioned above which fuelled the emergence of sponsorship, there are also some other factors which have accelerated its dramatic growth. The following have all contributed to the growth of sponsorship as a marketing tool:

- 1. *Government policies on tobacco and alcohol:*** Changing government policies on advertising for alcohol and cigarettes caused manufacturers of these products to seek alternative promotion media, as these companies are either banned or restricted to carry out advertising on television (Meenaghan, 1991). Ruth and Simonin (2003) are of the same opinion as Meenaghan arguing that cigarette and alcohol brands which were labeled as "socially undesirable" and "controversial" (p. 20) can now get access to advertising through sponsorship, "resulting in the redeployment of their advertising dollars" (p. 20).
- 2. *Increasing cost of advertising media:*** Another reason for the attraction of commercial sponsorship is the belief that it provides a highly cost-effective marketing communication tool compared with traditional advertising (Meenaghan, 1991).
- 3. *The proven ability of sponsorship:*** The proven ability of sponsorship to achieve marketing objectives has been responsible for its increased usage (Meenaghan, 1991).

4. ***New opportunities due to increased leisure activity:*** Increasingly the “leisure-conscious society” provides opportunities for sponsorship involvement. This is clear from the wide range of activities currently being pursued in both sports and arts compared with earlier decades (Meenaghan, 1991). Imamoğlu (2003) also adds that as a result of the technological developments, working hours have decreased, so people have more leisure time. This has increased the interest to sport and art and created an opportunity to those companies that wish to reach a wide audience using these tools.
5. ***Greater media coverage of sponsored events:*** Increasingly, media coverage, particularly on television, is being directed towards sports and cultural activities, thereby creating opportunities for broadcast sponsorship (Meenaghan, 1991).
6. ***Inefficiencies in traditional media:*** A large part of the attraction of sponsorship for sponsors has been its potential as a way to overcome the inefficiencies of traditional advertising media. One such inefficiency is zapping, which decreases the actual audience for television advertising. A further attraction of sponsorship has been the opportunity to escape from the “clutter associated with traditional media (although it must now be admitted that certain sports activities are themselves are becoming increasingly cluttered)” (Meenaghan, 1991, pp. 37-38).
7. ***Fragmentation of media:*** According to Kotler (2003), one reason for “the increased use of attention-getting events is a response to the fragmentation of the media” (p. 327). This means that unlike in the past, consumers can now turn to hundreds of cable channels, thousands of magazine titles, and millions of Internet pages which are more or less the same in content, style or format. However, “events can create attention, although whether they have a lasting effect on brand awareness, knowledge, or preference will vary considerably, depending on the quality of the product, the event itself, and its execution” (Kotler, 2003, p. 327).
8. ***Decreasing government support to sports, artistic or social activities:*** Due to the decrease in government incentive/support, the private sector has undertaken the role of the government and trying to fill this gap by performing a social function (Imamoğlu, 2003).
9. ***Changing expectations of the public:*** This means that the expectations of the public, especially from the companies have changed considerably. Apart from

offering high quality and safe products, the consumers also expect companies to fulfill their social responsibilities of corporate citizenship (Imamoğlu, 2003).

**10. Need for “glocalization”:** Due to globalization, as mentioned above, firms need to establish “competitive presence globally” (Ruth and Simonin, 2003, p. 20). At the same time, they have to build a local image. This “*glocalisation*” is best achieved by the “think globally, act locally” motto of Akio Morita, Sony’s legendary founder and late CEO (cited in Ruth and Simonin, 2003, p. 20). For Ruth and Simonin (2003), this approach is a “dual call for being a key player on the global scene” as well as “a good corporate citizen and neighbor in a foreign market” (p. 20). However, it should be kept in mind that the attitude towards the brand/company might be subject to effects arising from whether the sponsor is a domestic or a foreign brand (Ruth and Simonin, 2003).

**11. Provision of synergy:** Last but not the least important factor affecting the growth of sponsorship is its capacity in creating synergy among various forms of communication channels such as sales promotion and public relations in its execution. As is the case in all acts of communication- be it interpersonal, organizational or marketing, “the integrated marketing communications challenge is to get multiple tactical alternatives working together to break through the clutter of the marketplace and register the message with the target customer” (Semenik, 2002, pp. 417-418).

On the whole, changing conditions of competition and communication, which have transformed also other realms of life, has made sponsorship a *communication vehicle*, which was once regarded only as a form of corporate philanthropy, and which is now at the centre of human life, serving as the driving force in executing and/or creating of a leisure life.

### **2.3 Components of Sponsorship**

Having diverse functions and an ability to serve in various contexts in combination with various other communication tools, sponsorship, according to D’Astous and Bitz (1995), has four main components, which are as follows:

1. “Nature of the sponsorship (philanthropic vs. commercial),
2. Its origin (pre-existing event vs. event created by the sponsor),
3. Its frequency (continuous vs. one-shot), and
4. Strength of the link between the entity (or the event) and the sponsor” (p. 7).

### **2.3.1 Nature of sponsorship**

Although sponsorship has turned to be a commercial marketing communication tool, it can still be philanthropic in nature as well. D’Astous and Bitz (1995) state that *philanthropic sponsorship* implies the support of a cultural or social cause. In this type of sponsorship, “the sponsor’s participation is generally less prominent” (p. 7). However, this can raise disagreement on the grounds that philanthropy cannot be regarded as sponsorship since the company is making a donation without expectation of a tangible benefit in return unlike sponsorship. However, Fry *et al.* (cited in D’Astous and Bitz, 1995) have shown that “corporate donation often represents a complement to advertising and is partly motivated by profit” (p.7). Similarly, Bagehot, Gardner and Shuman (cited in D’Astous and Bitz, 1995) consider that the support of humane, social or cultural causes is part of the domain sponsorship” (p. 7). As it will be discussed in more detail in Section 2.4, this kind of sponsorship is defined as *social sponsorship* by some authors.

For D’Astous and Bitz (1995), in most situations, sponsorship is commercial. This means that “the firm associates itself with a public event in order to gain direct commercial benefits: increase in consumer awareness, improvement in image, sales, etc” (p.7). According to Armstrong (cited in D’Astous and Bitz, 1995), “when the objective is the improvement of corporate image, philanthropic sponsorship would be more efficient than commercial sponsorship” (p. 7). He notes; however, that the two types will differ in terms of media coverage in that, media coverage of philanthropic sponsorship is usually smaller than that of commercial sponsorship. For Armstrong, being associated with “humane causes” (p. 7), philanthropic sponsorship is likely to create “positive feelings” (p. 7) among consumers.

The importance of distinguishing between commercial and philanthropic sponsorship comes out in the aftermath of the event, that is, when consumers show their reactions to the brand/company. D'Astous and Bitz (1995) note that the consumers perceive the firm's philanthropic support to be "genuine when its activities are not linked to the sponsored entity" (p. 15). However, if there is a strong link between the activities of the sponsor and the event, consumers may think that the "firm tries to derive commercial benefits from philanthropic sponsorship" (D'Astous and Bitz, 1995, p. 15).

### **2.3.2 Origin of sponsorship**

Origin of the sponsorship refers to the creator of the event. This means that the sponsored event "can either be created by the sponsor or it can exist by itself" (D'Astous and Bitz, 1995, p. 8). The distinction made by D'Astous and Bitz (1995) here is that when the firm creates its own event, it keeps control over exposure and organization. They also emphasize that many new public events are created in order to meet the needs of sponsors, and this tendency is likely to increase in the future.

However, in many cases, firms invest in sponsoring of "pre-existing events that are conceived and organized by independent individuals and groups" (D'Astous and Bitz, 1995, p. 8). D'Astous and Bitz (1995) point out that this has the advantage of providing the sponsor the opportunity "to evaluate *a priori* the value of investment" (p.8); however, it has also the drawback of "constraining the sponsor to play according to the organizers' rules" (p.8).

Moreover, the origin of the sponsorship may also have an influence on consumer reactions. For D'Astous and Bitz (1995), when consumers know that the event has been created "specifically to promote the sponsor's image and products, they may form negative attitudes" (p. 8). This view is also supported by other authors, as according to Boulet and Piquet (cited in D'Astous and Bitz, 1995), one important problem with "sponsor-born sponsorship is the lack of credibility" (p.8), agreeing that "an event has a soul that is not easily created on purpose" (p.8).



Therefore, it can be argued that sponsors will be regarded as more “credible” (D’Astous and Bitz, 1995, p. 8) when they sponsor existing events, as “when a firm associates itself with an existing event, it should benefit more in terms of global image” (p.8).

### **2.3.3 Frequency**

Frequency refers to whether a sponsorship is “continuous” or a “one-shot investment” (D’Astous and Bitz, 1995, p.9). A sponsorship is regarded as one-shot when a firm supports an event which happens only once, and is regarded as continuous when the event happens regularly and the sponsor’s support is constant.

Considering the long-term benefits of the company which will serve its long-term objectives, continuous sponsorship seems to have the capability of creating a more positive image in the mind of the consumer. This is supported by Benveniste and Piquet (cited in D’Astous and Bitz, 1995), as they note that continuous sponsorship is likely to have more impact on the public because “it takes time to become a credible sponsor” (p. 9). Gilbert (cited in D’Astous and Bitz, 1995, p. 9) also argues that “the benefits of sponsorship are likely to increase with time”. However, there are also some risks involved in continuous sponsorship as Meenaghan (cited in D’Astous and Bitz, 1995) notes “that the novelty of a one-shot sponsorship may lead to greater attention from the media in comparison with continuous sponsorship where a gradual decrease in interest for the event or for the association between the event and the sponsor may happen” (p. 9).

When the two types of sponsorship are compared, it can be seen that investing in continuous sponsorship provides more benefits to the company, as the sponsor can “demonstrate its loyalty and involvement” (D’Astous and Bitz, 1995, p. 9). However, in the case of one-shot sponsorship, the firm may seem to be taking advantage of the sponsorship only in terms of commercial benefits and ignoring public. Therefore, it may leave “an impression of commercial opportunism among consumers” (D’Astous and Bitz, 1995, p. 9).



### **2.3.4 Link between the sponsor and the event**

The link/association between the sponsor and the event is the essence of sponsorship, and it is where the benefits of sponsorship come from. When participating in a sponsorship activity, the consumers are not there only to watch/participate/observe the event. They also try to establish an association between the event and the sponsor with a view to understand whether the sponsor is serving their interests or its own interests. Otker and Hayes (cited in D'Astous and Bitz, 1995) mention that such association results in a "transfer of the event's 'aura' to the firm's corporate image" (p. 9). This means that if there is a strong link between the sponsor and the event, this may affect the consumer positively in terms of the image created by the sponsorship. However, if the connection between them is weak, the sponsorship may leave a negative image on the consumers.

Nonetheless, in some cases, the opposite situation may also happen. A study by Meyers- Levy and Tybout (cited in D'Astous and Bitz, 1995) has demonstrated that a "*moderate* level of incongruence between a schema and an object is perceived as interesting and positive by consumers" (p. 10). The key word here is the "moderate", since, "if the congruency is at extremes, consumers must operate some change in their cognitive structure, and may tend to develop negative reactions" (p. 10).

### **2.4 Types of sponsorship**

As in the case of its definition, there are various viewpoints about the types of sponsorship. This is mainly caused by the interplay between sponsorship and other communication tools. That is, since sponsorship displays both a symbiotic and an independent nature in terms of its relations with other communication vehicles, it becomes difficult to distinguish it from other tools and classify it. So, this has produced a variety of types where sponsorship is classified on different bases, ranging from the subject of the sponsorship to the role of sponsor. Within this framework, rather than providing a single breakdown of sponsorship types, consideration will be given to various kinds of classifications made by different authors.

The first classification is the one made by Jefkins (cited in Abratt *et al.*, 1987), where he regards sponsorship as “a flexible promotion tool which can be used in many forms and for many activities” (p. 303). Jefkins provides a rather detailed list of categories:

1. **Books:** This is an old form of sponsorship and still a popular one. *Wisden Cricketer's Almanack* is about to enter its 120<sup>th</sup> year of publication. *Pears Cyclopedia* and the *Guinness Book of Records* are examples which, in addition, show the universal appeal of such sponsorship. Jefkins notes that “this form of sponsorship may often become an economic venture in its own right that becomes self-liquidating and, in time, an authoritative reference.
2. **Exhibitions:** They are sponsored by trade or other associations to publicize their industry as a whole. This is often done as a public service by oil companies to demonstrate their social awareness or by cigarette companies which sponsor wild-life exhibitions for the same reason.
3. **Education:** This is a well-established category of sponsorship. Firms sponsor bursaries and fellowships in general fields and specific areas. These may be in related fields (for example, a mining house offering a bursary to mining engineers) or may merely be a bursary to a worthy student based on either needs or results. Both sponsorships may be philanthropic in nature, but they are often aimed at “ensuring a continued supply of new graduates or on-going research in specific subjects” (p. 303).
4. **Expeditions:** They have been sponsored for centuries. Christopher Columbus discovered the New World thanks to the sponsorship of Queen Isabella of Spain. This type of sponsorship is often in the form of expertise, service and products as opposed to only money. Motives range from philanthropy to a desire for publicity to an opportunity to test products under actual conditions rather than controlled or simulated tests.
5. **Cultural activities:** Activities like arts shows, orchestras and theatre are normally sponsored as a public service with little opportunity or desire for publicity.

6. **Local events:** They include events such as school fetes, church bazaars, floats in the university rag, beauty and baby competitions are all part of community relations.
7. **Films:** They are, in certain circumstances, sponsored. These are usually documentary-type films sponsored by a local publicity association.

This categorization shows that sponsorship exists in all aspects of human life, and is provided for many activities. In this respect, it should also be noted that sponsorship need not be commercial, that is, it can serve philanthropic purposes as well. Therefore, once again it becomes apparent that it is not so easy to draw a line between sponsorship and philanthropy where it derived from.

Another classification is made by Jefkins and Yadin (1998) where they base their classification on “three different purposes, namely advertising, marketing or PR” (p. 180) which are as follows:

1. **Advertising:** A company sponsors a radio or TV show. It began with the soap operas (literally advertising soap) on American radio in the 1920s and 1930s. In Europe, programs were also sponsored on Radio Luxemburg (the ‘first popular entertainment’ programs to be received in Britain on a Sunday). This was, and in many parts of the world still is, a typical way of producing revenue for radio and TV companies.
2. **Marketing:** This is the new kind whereby a whole program is sponsored and credit is given to the sponsor.
3. **PR:** This kind of sponsorship is the “modern commercial counterpart of old-time patronage by wealthy benefactors” (p. 180). Here, a sport, art exhibition, theatrical show, literary prize, expedition, educational bursary or an individual may be given financial support.

This classification is interesting in the sense that it defines sponsorship on the basis of its objectives defined by other communication tools which are most of the time used in combination with sponsorship. The categorization may be criticized mainly in two aspects.

Firstly, it has allocated two broad categories- first and the second ones- which can under one umbrella be labeled as broadcast sponsorship. Secondly, it considers modern sponsorship as serving public relations purposes regardless of the entity being sponsored, not allowing for the commercial aspect of sponsorship which, today, is regarded as the essence of sponsorship in the modern sense.

Imamoğlu (2003) presents a classification based on more general terms which are as follows:

1. ***Altruistic sponsorship:*** Generally, support to cultural, social and other non-commercial institutions.
2. ***Motivation-oriented:*** Publicity of the support given by the sponsor conducted under the umbrella of public relations activities. Generally, this type is executed in social and environmental areas.
3. ***Classical (commercial) sponsorship:*** This is what sponsorship means today, and is for communication purposes, requiring systematic planning and strategic manipulation of the sponsored activity.

Despite its simplistic nature in terms of classifying sponsorship on the basis of a broader approach, it may be misleading, or rather difficult to distinguish between “altruistic” and “motivation-oriented” sponsorship. Although sponsorship was born on the basis of altruism, today it is regarded as a form of corporate communication tool which serves economic purposes, with the expectation of a tangible return on the part of the sponsoring company. Sponsoring non-commercial institutions might be regarded as altruism in its simplest form; however, once the name of the sponsor is displayed, that is, unless the sponsorship is anonymous, it might be difficult to regard it as “altruistic”.

A further classification made by Fill (1999) is on the basis of the entity/property being sponsored. This classification is significant in the sense that it categorizes sponsorship on the basis of sponsorship activities/events which are the most commonly preferred ones by sponsoring companies. Fill’s classification is as follows:

1. **Program sponsorship:** This kind of sponsorship offers many advantages to the sponsor. For Fill (1999), “it allows clients to avoid the clutter associated with spot advertising by creating a space or mind-world in which the sponsor can create awareness and provide brand identity cues unhindered by other brands” (p. 428). It also represents a cost-effective medium when compared with spot advertising, and the use of credits around a program offers opportunities for the target audience to make associations between the sponsor and the program (Fill, 1999).

Despite the advantages mentioned above, this kind of sponsorship might be risky in that the sponsor should not get involved too much actively in the program in order not to “annoy” the viewers. It should also be noted that program sponsorship is *not* seen as a replacement for, or a part of advertising. It rather acts as a complement to advertising considering the relationship between sponsorship and advertising. This is also demonstrated by the fact that “many sponsors continue with their spot advertising when running major sponsorships” (Fill, 1999, p. 428).

2. **Cultural/Arts sponsorship:** Arts sponsorship, according to Thorncroft (cited in Fill, 1999) “began as a philanthropic exercise, with business giving back something to the community”. This also explains why it is regarded as “altruistic” by some authors. It is preferred mainly by tobacco companies to circumvent the negative impacts of the product. According to Fill (1999), “it then began to be appreciated for its corporate hospitality opportunities: a cheaper, more civilized alternative to sports sponsorship, and one that appealed more to women” (pp. 430-431). Moreover, arts sponsorship was once considered as a “means of supporting the community”, but today it has become “a means of supporting the community to a sophisticated means of targeting and positioning brands” (Fill, 1999, pp. 430-431).
3. **Sports sponsorship:** Among all kinds of sponsorships, sports sponsorship has been the most commonly preferred. The main reason for this is probably high

media coverage which helps sponsors reach mass consumer markets. The following factors are also effective in preferring sports sponsorship:

1. Sport has the capacity to attract large audiences, not only at each event but more importantly through the media that attach themselves to these activities.
2. Sport provides a simplistic measure of segmentation, so that as audiences fragment generally, sport provides an opportunity to identify and reach often large numbers of people who share particular characteristics.
3. Visibility opportunities for the sponsor are high in a number of sporting events because of the duration of each event (e.g. the Olympics or the FIFA World Cup)” (Fill, 1999, pp. 424-425).
4. Sports events also help companies to test their products (Jefkins and Yadin, 1988).
5. Athletes tend to be idolized by fans and can be effective spokespersons for various products” (Clow and Baack, 2001, p. 500).
6. The fanship generated by sponsorship can also be achieved by without direct participation in the spectated events (Gwinner and Swanson, 2003).

Likewise, Abratt *et al.* (1987) also report the following reasons for the less appeal of other types of sponsorship:

“... Sport is popular as a sponsorship activity because it has two potential markets: the participant *and* the spectator. The objective of sport is to win and it is the only widely admired and valued area of human activity which is solely based on success at the expense of others. The image of sport also makes it a popular sponsorship target. It is seen as a healthy, character-building activity, important in the development of an individual in our competitive society. Sport is predominantly an urban activity. This is because of its competitive nature. Inter-city rivalry is

important to stimulate the growth of competition and to promote as a spectacle. All these factors make sport a newsworthy activity” (p. 304).

Similarly, McDaniel and Mason (cited in Dolphin, 2003) also report that “in certain cases concern for the future commercial viability of a sport has superseded public health concern related to sponsorship” (p. 180). Besides above benefits of sports sponsorship, there are also some moral issues involved in some sports sponsorships. This issue concerns especially brewery and cigarette companies sponsoring sports events. (Jefkins and Yadin, 1988).

Another classification by Grassinger (2003) is the most comprehensive one where instead of generalizing the sponsorship based on the activity being sponsored, Grassinger assigns a different category based on the subject or object of sponsorship. The classification is as follows (pp. 47-56):

#### **A. Types of sponsorship in terms of sponsor**

##### **1. Sponsorship types based on the nature of the sponsor**

**a. Product sponsorship:** The sponsor is a certain product of a company. For example, a product of Adidas, Pepsi or Marlboro can be the sponsor of the event. Another type of product sponsorship is when the sponsee uses the products of the sponsor.

In product sponsorship, if the sponsor provides all the requirements or the equipment of the athletes, it is called an “endorsement”.

**b. Corporate sponsorship:** In this case, the sponsor is the institution/company itself, not the product. The sponsor undertakes the sponsorship as a whole.



## **2. Sponsorship types based on the number of the sponsors**

**a. *Single sponsorship:*** The event is sponsored by a single sponsor. This is what most of the sponsors seek as the audience will be recognizing only one sponsor. Sometimes sponsors put exclusivity rights in their agreements. In this case, the sponsee can have a sponsorship relationship with another party only upon the termination of the agreement with the exclusive sponsor.

**b. *Co- sponsorship:*** As the name suggests, there is more than one sponsor in this type. All the sponsors may have the same rights (real co- sponsorship), or there might be differences between their rights and authorities empowered to them. If there is more than one sponsor, and if one or more than one of these sponsors provides more support than others, this sponsor (or sponsors) is called the *official sponsor* of the event. The official sponsor has more rights than others. For example, it is given priority over others in the advertisements, and it announces itself as the official sponsor of the event. If the event is a big one demanding high costs, there might be more than one official sponsor.

## **3. Sponsorship based on the type of provision**

**a. *Financial (in- cash) sponsorship:*** The sponsor provides money to the sponsor.

**b. *In-kind sponsorship:*** The sponsor provides the necessary equipment to the sponsee for it to realize the subject activity/event.

**c. *Service sponsorship:*** The sponsor provides know-how, qualified personnel or any service related to the sponsored event.

## **B. Types of sponsorship in terms of sponsee**

**1. *Person sponsorship:*** The sponsee can either be a real or corporate person which may be an individual, a group, or an association, club or foundation possessing a corporate personality.

**2. Project sponsorship:** This is the sponsorship of an activity or a study in any field. Here, the subject of the sponsorship is not a person (real or corporate), but a project.

### **C. Types of sponsorship based on the subject of the sponsored activity**

Sponsorship can be used in many areas. So, there might be more types of sponsorships other than those cited here. So, some authors mention some types under the heading of “other types”. Also, some include *environmental* and *scientific sponsorship* in the social sponsorship whereas others consider them as separate sponsorships. Yet, Grassinger (2003) notes that the most prevalent categories are sponsorship of sport, arts, and social activities.

**1. Sports sponsorship:** This is the oldest and the most widely-used type of sponsorship. It offers many advantages to the sponsor, such as a large audience and wide media coverage.

**2. Arts sponsorship (Cultural sponsorship):** For Grassinger (2003), “*arts sponsorship* would be a more appropriate term to be used instead of cultural as the word *cultural* encompasses sport, social life, and thus is a more comprehensive concept” (p. 54). Different from sports sponsorship, in this type of sponsorship, the target audience becomes narrower, and related to this, the event receives lower media coverage. For this reason, rather than increase brand awareness, the main objective in this type of sponsorship is to create a positive image, to preserve the existing image or to establish a close relationship with the listeners/viewers.

**3. Sponsorship of social activities:** Although it is the duty of the governments to organize social activities to meet the demands of the society, for economic reasons they may not live up to their responsibilities. This situation creates an opportunity for the private sector/commercial companies to fill the gap caused by the government. In this type of sponsorship, the sponsor supports all kinds of people, groups or projects (e.g., health, environment, education, etc.) that are related to the society in some respect. The aim is to prove that the sponsor is aware of its social responsibility (Grassinger, 2003).

In social sponsorship, the sponsee is most of the time a person who is not known to the public. Therefore, these types of sponsorship may not attract much media attention. In this regard, the aim of sponsors in social sponsorship, is, like in public relations, to show the public that they are aware of their corporate citizenship, and to leave a positive image on the public (Grassinger, 2003).

On a final note on the preference of companies among sponsorship types, Clow and Baack (2001) point out that some organizations have begun to prefer cultural events to sports events as cultural events are sold to the “more affluent members of the society”, so financial institutions are the primary sponsors of these types of performances. In the past, many institutions provided funds without receiving much recognition. “Now these philanthropic efforts are being leveraged by having the name of the company strongly associated with the cultural activity” (Clow and Baack, 2001, p. 500).

When all categories and classifications mentioned above are taken into account, some of them may look rather detailed whereas some are more general. However, considering the characteristics of sponsorship, and its position in the marketing communications mix, it may not be of great importance to which category the sponsorship belongs to. What matters in sponsorship is not the type of the event, as it will not be the determinant factor in executing the sponsorship, it is rather the mutual responsibilities of the parties as defined in the sponsorship agreement on which the whole event should legally be based. That is to say, it is this agreement which ascribes the responsibilities of all parties, also assigning the type of sponsorship on the basis of these responsibilities.

## **2.5 Sponsorship Budgeting and Expenditure**

Its flexibility to be able to be applied in various contexts and formats have made sponsorship the most sought-after marketing tool of the 21<sup>st</sup> century. However, as is the case in other aspects, it is also difficult to establish a solid basis for the budgeting of sponsorship. Cornwell and Maignan (1998) state that there has been limited research in this area, and it has shown that “budgeting decisions are influenced by the type of sponsorship involvement” (p. 13). Hoek, Gendhall and West found out (cited in Cornwell

and Maignan, 1998) that “sponsors of sport tended to use a percentage of sales allocation method, whereas sponsors of community and cultural activities tended to use either task-and-objective budget setting or an *ad hoc* approach, reflecting their historic philanthropic ideas about sponsorship” (p. 13).

Lack of information and the intertwined nature of sponsorship with other communication tools used for leverage make it difficult to get a clear understanding of how companies determine their sponsorship budget, or how they make allowance for each communication tool in a sponsored activity. However, there are certain “budgeting formulas” put forward by various researchers.

For Lee *et al.* (1997), it has been estimated that for every dollar spent on sponsorship another five dollars are spent on marketing activities linked to the sponsorship. Clow and Baack (2001) note that “normally, a company spending \$100,000 on a sponsorship should also spend \$200,000 to \$400,000 leveraging that sponsorship” (pp. 502-503). They also emphasize the recommendation made by most marketing experts that “no more than 10 percent of a firm’s marketing budget be allocated to sponsorships” (Clow and Baack, 2001, pp. 502-503). Similarly, according to Duncan “on average, a sponsor invests approximately two and a half times their sponsorship fee on advertising and promotion designed to make customers aware of the sponsorship and to involve them in some way” (2002, p. 643). The remark made by Meenaghan also proves the high costs involved in sponsorship investment, as for Meenaghan (1991), “it is commonly agreed that a figure of at least equal value to the direct fee payment must be used in leveraging the original sponsorship investment” (p.43).

It is clear from the expenditure figures that companies are allocating a great deal of money on sponsorship activities at an incremental rate. This increase in sponsorship expenditure has, at a great extent, been attributed to the increasing costs of the traditional media, and expectations of the sponsoring companies in terms of increasing sales. Emphasizing the rapid growth of sponsorship in terms of the dollars spent and sponsorship’s becoming a “legitimate element of a company’s promotional mix” (p. 159), Lee *et al.* (1997) indicate that “as traditional media have become more expensive and

cluttered, sponsorship is viewed as a cost-effective alternative” (p. 159). Additionally, Gwinner (1997) mentions the changing nature of the sponsorship with the statement: “not only are today’s sponsorships more sophisticated (i.e. more than simply the donation of cash for event production)” (p. 145), but at the same time points out that sponsors are investing a considerable amount of money in their sponsorships as they are expecting a “reasonable return on their sponsorship dollar in the form of increased sales” (p. 145).

The following figures provided by Roy and Cornwell (2004) show the magnitude of the sponsorship market:

“... The rate of growth in sponsorship expenditures is greater than for traditional media advertising and sales promotion. Corporate spending on sponsorship grew 14% in 2000 compared with a 10% growth for advertising and a 6% growth for sales promotion. The sponsorship industry in North America has grown from less than \$1 billion in 1985 to an estimated \$9.5 billion spent in 2001. According to International Events Group, sports are the most popular event type, with an estimated 69% of all sponsorship money invested in sporting events” (pp. 185-186).

Being the most preferred type of sponsorship, sports sponsorship has attracted the highest amount of investment. O’Guinn *et al.* (2002) note that “in 2000, marketers in North America spent \$8.7 billion for sponsorship rights, with about two-thirds of this total going for sports sponsorships” (p. 623).

Similarly, Semenik (2002) also provides figures on sponsorship spending in terms the most preferred venues. He notes that the most preferred one is the “sporting events, which attract about \$5 billion in sponsorship dollars followed by entertainment tours at about \$800 million, festivals and fairs at \$740 million, causes and fund raising with \$700 million, and art events at about \$500 million in sponsorship spending” (pp. 399-400).

Meenaghan also provides comparable figures from the United States and United Kingdom:

“... In 1970, some 4 million pounds was invested in sponsorship in the UK market; however, by 1999, some \$1.075 billion was spent by sponsors in that marketplace. Corporate investment in the US market has grown from \$850 million in 1985 to a projected year 2000 value of \$8.76 billion. On a world-wide basis, there has been in excess of an 11-fold increase in corporate sponsorship between 1984 and 1999, and today sponsorship spending worldwide stands at 7.0% of worldwide advertising expenditure” (2001, p. 192).

Although these figures seem “high” enough to cover all the costs pertaining to sponsorship, Meenaghan (2001) indicates that “these spending estimates refer only to the cost of purchasing the ‘property rights’ to sponsor events. It is generally accepted that a sum at least equal to the property rights costs should be used to leverage the initial investment” (Meenaghan, 2001, p. 192).

Since sponsorship has evolved from a philanthropic investment to a business investment executed as a strategic decision, it is obvious from the investment being made that the companies are expecting and/or getting tangible returns on their investments. Naturally, the returns cannot be identified on a concrete basis without a measurement process. Yet, the figures cited above may serve as initial implications on the effects/effectiveness of sponsorship.



### 3. SPONSORSHIP AS A COMMUNICATION TOOL

Before understanding the relationship of sponsorship with other communication tools along with its overlapping, or differentiating aspects with them, it will be useful to analyze sponsorship in terms of the basic- sender, receiver, channel, and medium-communication model to see how it functions as a communication vehicle *per se*. This is best summarized by Dowling (2002) as follows:

“... It sends a message to a receiver through a channel to serve a specific aim. The sponsor sends a message to its target audience within the parameters of the sponsored activity. The channel is the sponsored person, organization or institution which is reinforced with the participation of the print and electronic media. The effect might be to enhance the image (p. 141)”.

From the perspective of the above statement, sponsorship seems to be a communication tool on its own. For example, it can enhance the relationship with the community by supporting local events, or help increase sales by associating the product with an athlete admired by young consumers. In this respect, sponsorship acts as a versatile means. However, for Dowling (2002), it is accepted that “sponsorship does not have the ability to realize all communication aims, and thus, needs to be used together with other classical communication vehicles” (p. 141). The main reason for this might be that there is an arrangement in place where all other marketing/communication tools are combined in terms of their functions on the basis of a legal agreement to put together the elements of sponsorship. Researchers have also come across with various results concerning this issue. For example, Abratt *et al.*, 1987; Armstrong, 1988; Marshall and Cook, 1992; and Witcher *et al.*, 1991 (cited in Cornwell and Maignan, 1998) have found sponsorship to be associated with “advertising, public relations, promotions, or personal selling” (p.13). This perspective is further substantiated by Abratt and Grobler (1989): “No sports event can sell itself on its own momentum. It takes an imaginative mix of all the communication tools available to extend the impact of the event” (pp. 351-352). Similarly, Aydede (2002) notes that sponsorship has become “marketing, advertising, public relations or a mixture of the



three” (p. 169). However, relationship of sponsorship with these tools is subject to change depending on the particular sponsorship in place.

The changing nature of sponsorship, or rather its flexibility is also emphasized by Fill. He (1999) notes that companies have begun to see sponsorship as a “standardized method of communicating a brand name, but not to the extent of standardization” (p. 423). This means that the role and relationship of sponsorship with elements of the marketing communications can be amended depending on the purpose or scope of the sponsorship agreement. Fill (1999) also indicates that many companies and brands (e.g. Panasonic, JVC and Daihatsu) originating in South-east Asia and Pacific regions have used sponsorship as a means of overseas market entry in order to develop name or brand awareness.

### **3.1 Sponsorship and Other Forms of Corporate Giving**

Sponsorship is also a form of corporate giving like philanthropy, patronage and CRM (cause-related marketing) whereby the “giving” may display itself in different forms depending on the activity being sponsored, or activity being pursued. However, as noted by Polonsky and Speed (2001), sponsorship is a different kind of corporate giving. Polonsky and Speed distinguish between “*altruistic giving*” and “*strategic giving*” (p. 1363). In truly altruistic giving, “the firm makes no use of the resource generated by the firm-recipient association, and therefore, the generation of this resource is not important in the firm’s decision making, whereas in strategic giving, the firm uses the firm-recipient association as a mechanism to achieve promotional ends” (p. 1363).

Considering the related concepts to corporate giving, corporate philanthropy is the most commonly used. The basic idea behind corporate philanthropy is that “the firm donates funds to a worthy cause because it wishes to be a good corporate citizen without seeking to generate or exploit any association with the cause” (Polonsky and Speed, 2001, pp. 1363). Here, it is either *patronage* or *donation* that the firm is being involved in. Grassinger (2003) points out that in patronage, “the objectives are idealistic, where there is no expectation in return such that the name and the title of the supporter are not

announced” (p. 22). Javalgi *et al.* (1994) also emphasize the same point stating that “patronage is based on charity, an altruistic activity in which the patron holds little expectation of concrete benefit” (p. 48). Likewise, Gillies (1991) strictly distinguishes between sponsorship and donations or patronages: “sponsorship should never be confused with donations or patronages which mean the giving of money (or goods or services) with no benefits or public acknowledgement expected” (p. 2).

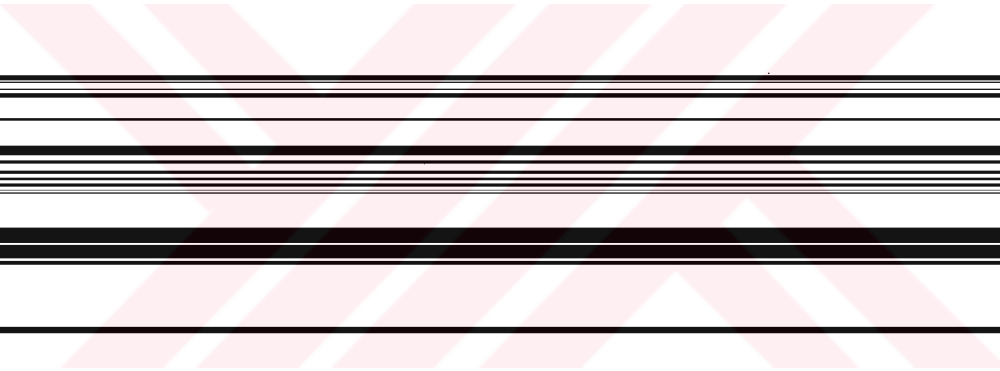
Another related concept within corporate philanthropy is CRM. Varadarajan and Menon (cited in Cornwell and Maignan, 1998) define CRM as a “marketing program that strives to achieve two objectives- improve corporate performance and help worthy causes- by linking fund-raising for the benefit of a cause to the purchase of the firm’s products/services” (p. 12). Similarly, for Dean (2002) “although both sponsorship and CRM result in corporate linkages to causes or organizations, the two forms of promotion differ in the nature of the donation to the cause and the corporate objectives for the promotion” (p. 2). In CRM, the firm can contribute to the cause only if the consumers “engaging in revenue-producing transactions with the firm” (Dean, 2002, p. 2). This shows that in CRM, the objectives are more of an economic nature which is not as blatant as in sponsorship. Another difference between CRM and sponsorship is the type or amount of provision. That is, in sponsorship the provision to be offered by the sponsor is agreed and fixed beforehand, and may also be “non-monetary (use of sponsor’s facilities, equipment, release time for employee participation, or donation of products) in nature” (Dean, 2002, p. 2). Another difference is that sponsorship aims for long-term benefits to the sponsor whereas CRM, being a “sales promotion with a PR spin, is generally short-term and can reflect a ‘cause du jour’ mentality” (Duncan, 2002, p. 644). This means that the association between the cause and the company also ends upon the termination of the campaign.

Therefore, for Polonsky and Speed (2001), corporate philanthropy is not considered as a part of a firm’s marketing activity, but rather, is seen as “within the domain of broader corporate social performance” (p. 1363-1364). Although corporate philanthropy does not aim to result in a change in consumer behavior due to its altruistic nature, companies most of the time seem to be exploiting this “altruistic behavior”. Collins (cited in Polonsky and Speed, 2001) refers to this as ‘*pseudo-altruism*’, which is in fact commercially motivated

corporate 'giving', and includes activities such as sponsorship and CRM. Within the business literature, this has often been referred to as strategic giving" (p. 1364) which is defined above. Similarly, Crowley (1991), Speed and Thompson (2000) also indicate that the existence of a commercial motivation distinguishes sponsorship from other types of corporate giving. This implies that sponsorship falls within the category of strategic giving where there is always the aim of getting a benefit in return to the sponsoring company.

Below is a summary of the key features of the funding methods mentioned above:

Sponsorship	Sponsorship	Sponsorship	CRM
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## 3.2 Similarities and Differences between Sponsorship and Other Communication Tools

### 3.2.1 Sponsorship and advertising

When the definitions by different authors are taken into account, sponsorship seems to be “an advertising-like communication activity” (Dowling, 2002, p. 141). Due to this, it may be considered as a substitute for advertising. However, when the two communication tools are analyzed, it is seen that they serve different functions. Moreover, recently sponsorship has been given priority over advertising, especially for its cost-effectiveness. The following findings from various resources (Grassinger, 2003; Hoek *et al.* cited in Fill, 1999; Dowling, 2002; Javalgi *et al.*, 1994; Hastings cited in Cornwell and Maignan, 1998; Meenaghan, 1991; Imamoğlu, 2003) summarize the differences between sponsorship and advertising as a communication tool:

<b>Advertising</b>	<b>Sponsorship</b>
Quantitative medium; sold and evaluated in terms of cost per thousand.	Qualitative medium; promotes a company in association with a purpose.
Quantity and quality of coverage are controlled by the advertiser.	Quite like public relations; quantity and quality of coverage are beyond the control of the sponsor.
Strategically different: Aims to drive sales in the short run.	Aims to establish relationships which would be beneficial in the long run to drive sales.
Aims to inform and persuade the consumers.	No process of informing or persuading the audience. Name of the sponsoring company is announced to establish communication with the public.
The advertiser creates the message using a mixture of visuals, vocals and context.	Can be described as a “mute”, non-verbal medium where the message is delivered by the association with a socially intrusive activity.

<b>Advertising</b>	<b>Sponsorship</b>
The advertiser does not aim to create a different image, or change its image as the main task.	The main aim is to create a positive image on the public.
The main task of the person or institution making the advertisement is to advertise.	The main task of the sponsee is not to publicize the sponsor. The sponsee realizes this function through the event.
No leverage is used in implementation to deliver the message to the target audience.	Leverage is required to bring the association with the activity to the intended audience.
The advertiser is responsible to the advertising agency for making its advertisements. The product of the advertiser is used only to create awareness and for a short period of time.	Sponsor provides almost everything the sponsee needs to realize the activity.
Audience may react negatively due to the media bombardment.	Audience reaction may be less cynical thanks to its beneficial effects.
The target audience comprises of the existing and prospective customers.	Appeals to a wider audience such that sponsorship aims to leave a positive image on those publics that may not be within the product/service scope of the sponsor.
Targets viewers/readers.	Targets active participants, spectators and, media followers. Thus, can also generate awareness when dealing with non-users of a product.
Handled through conventional media.	Usually not handled through conventional media. Instead, involves the staging of an event around which advertising might or might not take place.
In terms of television and radio programming, there is an obligation for the commercials to be broadcast within certain time periods.	Sponsorship does not bear an obligation in terms being run within a certain time period.

<b>Advertising</b>	<b>Sponsorship</b>
The advertiser pays a fee to broadcast or publish the advertisements/commercials.	There is no fee chargeable for the broadcasting or publishing of the sponsored event in the media.
No employee participation.	Employees can actively get involved in the sponsored event.

**Table 3.2.1.a** Differences between sponsorship and advertising.

The table below provides comparison of sponsorship and advertising in terms of communication functions:

<b>Comparative factors</b>	<b>Sponsorship</b>	<b>Advertising</b>
Goodwill	Beneficial	Selfish
Focus	Indirect/subtle	Direct/forceful
Intent to persuade	Disguised	Overt
Defense mechanisms	Low state of alertness	High state of alertness

**Table 3.2.1.b** Sponsorship/Advertising- alternative communications compared (Meenaghan, 2001, p. 210).

### **3.2.2 Sponsorship and sales promotion**

Sales promotion is a promotional element which is used to leverage sponsorship. The differences between sponsorship and sales promotion are as follows (Grassinger, 2003):

<b>Sales Promotion</b>	<b>Sponsorship</b>
The aim is to increase sales.	The aim is to create a positive image which may indirectly increase sales in the medium or long run.
Serves short-term purposes, thus mostly carried out in one-off situations.	Generally executed continuously to create an enduring image.

**Table 3.2.2** Differences between sponsorship and sales promotion.

### 3.2.3 Sponsorship and public relations

Both public relations and sponsorship aim to create trust and positive image to the organization. This is where sponsorship and public relations are very much alike. Nevertheless, they differ from each other in the following respects (Grassinger, 2003):

<b>Sponsorship</b>	<b>Public Relations</b>
The target audience is the general public, but the target in legal terms is the sponsee.	The target audience is the general public. Thus, a wider audience.
The tools used in public relations can also be used for other purposes, as well.	Can use sponsorship to create a better image.

**Table 3.2.3** Differences between sponsorship and public relations.

### 3.2.4 Sponsorship and product placement

Some think that product placement is a special kind of sponsorship, namely broadcast, whereas others think that they are two different communication tools. The following are the main differences between sponsorship and product placement (Grassinger, 2003):

<b>Product Placement</b>	<b>(Broadcast) Sponsorship</b>
The product is exposed to the audience consciously, so the important thing is the program itself, not its content.	The content of the program is important, as the sponsored item is the subject broadcast in the program.
The product is shown during the program.	The publicity of the sponsor is done at the end or beginning of the program.
The publicity of a certain product is made, and the aim is to promote the sales of this product.	The important issue is to leave a positive image on the consumer by the manufacturer/organization rather than the product.



<b>Product Placement</b>	<b>(Broadcast) Sponsorship</b>
The owner of the product has the right and opportunity to decide how the product will be used in the subject program.	The sponsor or the supporter of the program does not have the right (and intention) to interfere with the program. The point for them is to get their sponsorship mentioned in the program.
Limited to films, television programs and videos.	Can be utilized in many other areas, such as social activities.
Some product placements are regarded as “hidden advertising” and are subject to some restrictions/bans.	Sponsorship is not subject to any restrictions. (However, in some countries some companies like tobacco and alcohol which are banned from advertising may also be banned from sponsorship on TV.)

**Table 3.2.4** Differences between sponsorship and product placement.

Finally, sponsorship should not be mistaken for *endorsement* which is “simply a case of someone famous being paid a large sum of money in exchange for promoting a particular product” (Gillies, 1991, p. 2).

### **3.2.5 Sponsorship and corporate social responsibility**

Having gained considerable importance recently, CSR (corporate social responsibility) campaigns have become to be used as a communication tool for companies to live up to their responsibilities as corporate citizens in the society or rather the global environment they operate in. Although the concepts of CSR and sponsorship stand rather for different communication activities, most of the time they are confused. The main reason for this confusion is that, as mentioned above, some sponsorship activities are regarded as “social sponsorships” which may sometimes be in fact CSR projects. However, these two concepts mainly differ in terms of the purpose they serve as a corporate communication vehicle. Therefore, it is worthwhile to distinguish between these two concepts where the differences can be summarized as follows:

<b>Corporate Social Responsibility</b>	<b>Sponsorship</b>
The primary aim of CSR is to contribute to the society with a view to position the company as socially responsible to the society to improve its reputation and also provide motivation to the employees. CSR projects are most of the time carried out to serve corporate purposes.	Sponsorship is seen as more a function of marketing which is used along with other communication tools to serve long-term purposes where the primary aim is to improve image and awareness.
The project need not be relevant to the company, since the aim is to get involved in a project from which the society would benefit, not the company.	In sponsorship a certain amount of money is spent on a project which is deemed to be relevant with the company via which an image transfer may be achieved to further contribute to the company to obtain commercial gain.

**Table 3.2.5** Differences between sponsorship and corporate social responsibility.

### **3.3 Sponsorship Leverage: Relation between Sponsorship and Other Promotional Elements**

The comparative analyses of the above promotional elements reveal that they are different from sponsorship in various ways. For this reason, these tools are used in combination with sponsorship to *leverage* the sponsorship, that is, to support sponsored event in line with the opportunities they offer in terms of communicating the message to the target audience. In the broad sense, the vehicles used most commonly in sponsorship leverage are; advertising, sales promotion, and cause-related marketing.

Leveraging sponsorship through *advertising* “allows the sponsor to increase awareness of the association and to deliver a message about why the sponsorship is being undertaken” (Polonsky and Speed, 2001, p. 1366). This means that advertising aims to increase the effectiveness of the sponsorship by announcing it to the consumers. For Polonsky and Speed (2001), this method of leveraging has one limitation, that is “it is a

leverage is that is not necessarily connected to consumer behavior” (Polonsky and Speed, 2001, p. 1366). In other words, it may not lead to buying behavior, thus, not increase sales.

By contrast, leveraging a sponsorship through *sales promotion* “allows the firm to link sponsorship directly to an incentive to purchase” (Polonsky and Speed, 2001, p. 1366). Therefore, unlike advertising, it has the ability to change consumer behavior and result in buying behavior, leading to an increase in sales. However, as the focus might shift from creating goodwill or supporting an event to taking advantage of the sponsorship to increase the sales, such leveraging “carries a risk of a negative impact on attitudes and perceptions about the sponsor” (Polonsky and Speed, 2001, p. 1366).

Polonsky and Speed (2001) note that a *CRM-leveraged* sponsorship “involves the sponsor using the right of association as an input into a sales promotion campaign” (p. 1366). The basic idea behind the CRM-leveraged sponsorship is again to increase the sales. Nevertheless, in this type of leveraging, the sponsor makes a commitment to realize a socially responsible behavior with a certain percent of the revenue produced as a result of the campaign. Therefore, unlike sales promotion, it does not carry the risk of being perceived as “commercial” in the minds of the consumers, as the consumers are contributing a social cause thanks to the campaign offered by the sponsor. However, “because the CRM program makes the firm’s support for the cause conditional upon purchase” (Polonsky and Speed, 2001, p. 1373), the sponsoring company may also look “insincere” depending on the event being used for CRM purposes.

### **3.4 Other Promotional Instruments Used in Sponsorship Leverage**

For Dolphin (2003), “sponsorship has transformed itself into a powerful component of an integrated communications strategy”; however, at the same time asking the question of “Is it powerful on its own account, or does it require leverage to be at its most effective?” (p.181). On the other hand, Tripodi (cited in Dolphin, 2003) suggests that integrating sponsorship with other elements of the communication mix creates a “synergetic effect- where the whole is greater than the sum of its parts” (p. 181).

Due to their importance in adding value to the event in achieving its objectives, it is noteworthy to examine in more detail the promotion instruments used for exploitation purposes. Based on research findings, Crowley (1991) ranks the instruments in terms of importance as follows:

- “Media coverage
- Event title
- Entertain guests
- Exposure to attendance
- Perimeter advertising
- Heart of the action identification
- Exposure to participants
- Advertising theme” (pp. 18-20)

Moreover, the same research by Crowley (1991) reveals the following results in terms of the above mentioned instruments ranked among different industries and audience orientation groups (p. 18):

**Media coverage:** The ability of an event to achieve media coverage and exposure for its sponsor is often presented as the key valuation criterion for a sponsorship. For consumer sector companies media coverage is by far the most important promotional instrument for exploitation purposes, whereas for industrial sector companies media coverage is only the third most valued instrument. As regards target audience, those who have a general public orientation place the highest value on media coverage. This reflects the power the necessity of media coverage has in addressing this broader public.

**Event title:** Amending the sponsored event’s title to reflect the association of the sponsor is crucial to all sponsors. Consumer goods companies give it a higher score, both industrial and consumer groups rate it as the second most important method available to exploit a sponsorship. The most notable audience orientation feature is the high scores given to it by worker orientation groups. This may be due to worker-oriented companies being associated with local events which achieve less media coverage.

***Entertain guests:*** The ability to provide corporate hospitality is of equal importance to event title being joint second overall, but analysis reveals a strong distinction between consumer and industrial groups. For industrial groups, it is the most important exploitation instrument, but rated only the fourth highest promotion instrument for consumer companies. The ratings made by the general public group are particularly low. These findings show that entertaining guests facilitates direct relationship building with identifiable targets. While this aspect of sponsorship may be particularly attractive to those sponsors seeking access to the business community, it is not likely to be as attractive to those sponsors seeking to influence the more mass-oriented general public.

***Exposure to attendance:*** Sponsorship's ability to provide a range of exposure possibilities to event audiences achieved fourth place. This is more strongly favored by consumer good companies. The highest audience rating for this instrument is from the general public which confirms that sponsors are looking to influence non-consumers among event attendance.

***Perimeter advertising:*** Access to perimeter advertising is likely to be a major issue in any sponsorship contract. While a "clean" stadium is often a necessary condition in major sponsorship contracts, potential sponsors often find that existing perimeter advertising contracts may limit access to perimeter advertising. Perimeter advertising ranked fifth among the promotional instruments, being somewhat more important to consumer than industrial companies. The audience-orientation analysis shows that business community-oriented companies as most keen on perimeter advertising, slightly ahead of worker oriented group.

***Heart of the action identification:*** HOA (Heart of the action) identification is the right of the sponsor to identify his involvement by the usage of his name or logo on the participant's equipment. The results show that HOA is not a highly rated promotional instrument, rated sixth of the eight promotion instruments. This may be due in some part to the fact that HOA is largely confined to sports sponsorship. The consumer companies rate it in the fifth place against the seventh place by the industrial sector companies. This may be attributed to the fact that HOA offers the opportunity to reinforce a brand/corporate

name rather than send sophisticated messages. Analysis by audience group shows that workers and general public oriented sponsors are most interested in utilizing “heart of the action” opportunities to exploit their sponsorship involvement.

***Exposure to participants:*** Participants as a captive audience with whom exposure can be achieved will vary considerably in terms of importance, depending on the nature of the event. With regard to audience orientation the highest rating goes to workforce in both the industrial and consumer sectors, indicating company sponsorship of recreational activities undertaken by employees. The other benefit available from participant exposure is where the event itself allows for product usage and sponsorship gives exclusive or preferential access to the users.

***Advertising time:*** The sponsorship of an event can be used to provide a core theme for an advertising campaign. This differs from advertising support for the sponsorship in that the sponsor’s association with the personality of the sponsorship itself is the actual message of the advertisement.

### **3.5 Position of Sponsorship in the Promotional Mix**

Having analyzed sponsorship in relation to other communication tools, and how promotional elements are used to leverage sponsorship, it will be useful to understand where sponsorship is placed within the promotional mix created by these tools. There are different perspectives on this issue, as has been with other issues regarding sponsorship.

In a research by Abratt and Grobler (1989), most of the respondents regard sponsorship “as part of public relations and publicity exercise in the company” (p. 357). For Abratt and Grobler this should not come as a surprise “because it is not an advertisement and because there are no salespersons involved” (Abratt and Grobler, 1989, p. 357).



For the same authors, sponsorship might also be considered as a “form of advertising” (Abratt and Grobler, 1989, pp. 357-358). This may happen especially in cases of sports sponsorship. When viewers are watching a sports program, inevitably they see the brand names being displayed “on banners around the perimeters of tennis courts and football fields, or printed on the jerseys of football teams and strategically placed rally motor cars” (Abratt and Grobler, 1989, pp. 357-358) which may lead to sponsorship being considered under the umbrella of advertising. Another view regarding sponsorship as advertising comes from Meenaghan, though on different grounds. Meenaghan (cited in Wise and Miles, 1997) suggests that “when sponsorship is utilized by product categories that have been banned from advertising such as cigarettes, sponsorship functions much like advertising” (p. 188).

According to Abratt *et al.* (1987), “events and other sponsorships might fall loosely within the framework of sales promotion, but are usually more form of public relations, designed to publicize the name of, and generate goodwill around, a company or brand” (pp. 299-300). This is because sponsorship operates on a much broader perspective than increase sales.

For Kitchen (1999), “sponsorship is an area of communications overlapping between corporate and marketing public relations” (p. 35).

The below statement by Fill (1999) summarizes the position of sponsorship within the whole promotional mix:

“... What is important is that sponsorship is not a tool that can be effective in a standalone capacity. The full potential of this tool is only realized when it is integrated with some (all) of other tools of the promotional mix. The implementation of integrated marketing communications is further encouraged and supported when sponsorship is an integral part of the mix in order to maximize the full impact of this communication tool” (p. 424).



On the basis of different viewpoints on which part of the promotional mix sponsorship to be placed, it appears that it actually includes an aspect from each. Therefore, it might limit the communication potential of sponsorship to put it under the umbrella of one of the elements of the mix. Rather, it might be more useful to see sponsorship as a “supra” communication tool serving corporate communication objectives with its own opportunities and limitations based on the perimeters of the agreement in place.

### **3.6 Sponsorship Objectives**

When various definitions and position of sponsorship within the promotional mix are considered, it appears that sponsorship serves mainly commercial objectives. However, for Quester (1997) many authors feel that sponsors themselves are not always clear about the exact reasons for sponsorship expenditure as sponsorship may or may not be economic. At the same time, Quester emphasizes that “sponsorship fulfills no goal if it is invisible, suggesting that sponsorship is performed mainly for some economic gain” (1997, p. 102).

Encompassing different communication tools to leverage the event being sponsored makes sponsorship a multidimensional and multifunctional communication vehicle which can undertake various responsibilities, thus serve various objectives under the umbrella of the general corporate communication function. In line with the objective each promotional tool is assigned, or aims to achieve, sponsorship objectives can be examined under four main broad categories, each of which actually is a management objective, as sponsorship is mainly a strategic business decision:

- 1) Broad corporate objectives
- 2) Marketing objectives
- 3) Media objectives
- 4) Personal objectives

### 3.6.1 Broad corporate objectives

As indicated above, Javalgi *et al.* (1994) emphasize that “sponsorship is highly regarded for its perceived ability to accomplish certain objectives relating to overall corporate communication, such as enhancing corporate identity, awareness, or image” (p. 48). Also for Mack (1999), in order to create a positive image in the minds of the consumers and establish a long-lasting relationship, “there must be an interaction between the company and its environment which make the business environment” (p.25).

Meenaghan (cited in Mack, 1999) distinguishes between the “*task environment*” (p. 25) (suppliers and competitors) and the “*public environment*” (p. 25) (government agencies, banks and the public). Thus, companies engage in sponsorship in fields which might even have no relationship with their business. As such, the corporate objectives in becoming involved in sponsorship may include the following (Mack, 1999; Meenaghan, Flood and Tate cited in O’Hagan and Harvey, 2000; Dowling, 2002; Fan and Pfitzenmaier, 2002; Gillies, 1991; Wilcox *et al.*, 2003; Clow and Baack, 2001; Grassinger, 2003):

- Increasing public awareness of the company,
- Improving goodwill by promotion/enhancement/reinforcement of corporate image and reputation of the company through association, called *image transfer*, either to the general public or to a smaller group of people such as local residents, the workforce or potential customers,
- Leaving a more positive image on the target audience by approaching them with a non-commercial tool unlike advertising. However, this aim can only be realized in sponsorships of medium or long term,
- Differentiating a company from its competitors,
- Suggesting a particular public image/to maintain a caring image with the customer,
- Being seen to have a community responsibility/to enhance community relations, achieving community involvement,
- Altering public perception of the company,
- Building goodwill among opinion-formers and decision-makers,
- Maintaining a high profile with government contact managers,

- Keeping loyalty of shareholders,
- Countering adverse publicity,
- Assisting to staff relations,
- Assisting staff recruitment,
- Providing corporate hospitality, namely, getting company personnel and client executives into events and meeting with stars,
- Facilitating prospecting for the sales force,
- Raising employee morale,
- Taking advantage of tax deduction.

Broad corporate objectives have as their basis, therefore, developing a favorable public relations image of the firm, increasing public awareness of the company and its products and building goodwill among the company's customers.

### **3.6.2 Marketing objectives**

Terrazas (cited in Mack, 1999) indicates that decisions regarding sponsorship are no longer made “based solely on corporate citizenship, but rather on the match between the community benefits of the sponsorship and the marketing objectives of the organization” (p.26). Thus, another objective of sponsorship is to serve the marketing communications function of the company. This objective of sponsorship is sometimes referred to as “*product-related objectives*” which is further subdivided into “*sales objectives*” and “*guest hospitality*”. However, for the purposes of this study, they will be examined under the umbrella of marketing objectives. The marketing objectives aimed to be achieved by sponsorship are to (Clow and Baack, 2001; Fan and Pfitzenmaier, 2002; Wilcox *et al.*, 2003; Gillies, 1991; Speed and Thompson, 2000; Abratt *et al.*, 1987; Dowling 2002; Grassinger, 2003):

- Link a brand name with a particular sponsorship to achieve product- or brand-related objectives,
- Enhance brand recognition,
- Drive sales volume,

- Increase the number of current customers, as there is the potential of spectators as consumers/customers,
- Circumvent legal restrictions or barriers, serve as an advertising substitute especially for tobacco and alcohol products,
- Capture the audience that has already reached the saturation level due to excessive exposure to advertisements, especially in their leisure times,
- Showcase specific goods and services,
- Offer and opportunity for product trial,
- Persuade the consumers to change their brands,
- Attract a specific age group market (young, middle-aged),
- Aim a more sophisticated market,
- Help enter a new foreign market,
- Keep position in the world market,
- Attract a wider share of market,
- Position or reposition,
- Relaunch ailing product,
- Launch a new model,
- Encourage first-time buyers,
- Give product brands high visibility among key purchasing publics,
- Provide a focal point for marketing efforts and sales campaigns,
- Communicate symbolic brand associations as part of a process to change the personality of a brand,
- Arrange luncheons, cocktail parties with an attempt to put the customer under some form of obligation in the hope that future sales will continue. This form of activity is also used as an opportunity to thank customers for previous business and to create a more personal relationship with them by showing corporate hospitality.

### **3.6.3 Media objectives**

One of the most important objectives for any company engaging in sponsorship is the achievement of media coverage, as for O'Hagan and Harvey (2000), sponsorship may "enable the company to obtain publicity that is not sold in the market place" (p. 210). This

means that a company may buy media coverage in the form of advertising, but this is not the same as having articles or news time devoted to the event. For O'Hagan and Harvey (2000), "such media coverage is a more subtle form of advertising than direct advertising, and may be more credible for the company, and cannot be bought (unless corruptly)" (p. 210). On the other hand, a company cannot control media coverage in the same way that it can control the content of an advertising campaign (O'Hagan and Harvey, 2000). Thus, sponsorship, in a way serves the marketing public relations function, aiming to increase publicity coverage and exposure" (Kitchen, 1999, p. 35).

The importance of this objective varies with the sponsor. Companies in tobacco and drinks industries regard media coverage as being of paramount importance. For those companies involved in sponsorship which consider name awareness and company awareness as their main reason for entering into the sponsorship, coverage of the event is very important from a cost-effectiveness point of view (Abratt *et al.*, 1987). In other words, it very expensive to buy advertising time/space continuously. However, as sponsored events receive high media attention, companies can "create awareness of its products/brands by a familiarization process resulting from repetitive media coverage" (Jefkins and Yadin, 1998, pp. 181-182). This also helps increase the visibility of the message.

#### **3.6.4 Personal objectives**

Being a communication tool mainly used by companies, or organizations, sponsorship might appear to be always serving the interests of the company to fulfill its corporate functions. Nevertheless, as companies are managed by people, there is the involvement of "human factor" in sponsorship decisions, like in any other business decision.

For O'Hagan and Harvey (2000), this objective "concerns the private consumption by managers or owners of the firm, a factor which may be particularly important in relation to arts sponsorship" (pp. 212-213). This means that a firm might sponsor an arts event, not because it increases profit in any form, directly or indirectly, but rather as a form of

philanthropy that provides a non-monetary benefit for its managers or owners. O'Hagan and Harvey (2000) also consider this issue from a rather interesting perspective indicating that "type of sponsorship lacks a purely commercial or profit-increasing motivation, and thus it qualifies as philanthropy, albeit individual and not corporate philanthropy in this case. While there is an element of philanthropy in such sponsorship, it is a debatable point whether donating someone else's money, unbeknownst to them, should be termed philanthropy" (pp. 212-213). Thus, it may not be reasonable to regard such kinds of giving as sponsorship, since they are realized by using others' (employees') money without informing them.

Similarly, for Abratt *et al.* (1987), "the managing director's 'pet project', or 'hobby motive', is not seen as an important objective in sponsorship decision-making" (p. 305). However, if the event to be sponsored is a sports event, the choice of sport may be influenced by the executive managers' personal preferences.

Labeling this objective as "chairman's choice syndrome", or "spouse-driven projects", Meenaghan (1991) presents the results of a study of Irish companies which reveal that "only 13% of sponsors and 21% of non-sponsors disagreed with the assertion that sponsors become involved in certain high profile sponsorships to enhance their personal status among peers" (pp. 8-9). Meenaghan (1991) points out that "this capacity of sponsorship to fulfill personal objectives is largely unrivalled by other methods of marketing communications" (p.8).

The table below summarizes objectives pertaining to sports sponsorship which might in fact be valid in other types of sponsorships:

<b>Corporate objectives</b>	<b>Marketing objectives</b>	<b>Media objectives</b>	<b>Personal objectives</b>
Public awareness	Business relations	Generate visibility	Management interest
Corporate image	Reach target market	Generate publicity	
Public perception	Brand positioning	Enhance advertising campaign	
Community involvement	Increase sales	Avoid clutter	
Financial relations	Sampling	Target specificity	
Client entertainment			
Government relations			
Employee relations			
Compete with other companies			

**Table 3.6.4** Aggregated objectives for corporations involved in sponsorship of sport (Pope, 1998, p.2).

### **3.6.5 Evaluation of sponsorship objectives**

The objectives mentioned above present all the objectives which might be of relevance to sponsorship. They are not necessarily to be pursued in every sponsorship unless the agreement obliges the sponsor to do so. However, research and views of several authors reveal that there are some common objectives which are given priority over others.

Research by Witcher *et al.* (cited in Crowley, 1991) among UK sponsors focused on the objectives pursued by sports and arts sponsors. The findings of this research revealed that “arts sponsorship was more favored for achieving objectives relating to community relations and reaching opinion leaders, while sport was the preferred medium of communication with the buying public (p. 12). Grassinger (2003) agrees with the findings of Witcher *et al.* stating that “in cultural or social sponsorships the aim is oriented more towards social responsibility function, whereas in sports sponsorship, the aim is to increase awareness. Thus, in sports sponsorships advertising aims outweigh others,



whereas in cultural and social event sponsorship the emphasis is more on public relations” (pp. 26-28).

For Quester (1997) “whichever type of objective is sought by sponsors, a preliminary step of increased awareness is commonly expected from any sponsorship investment” (p. 102). Similarly, Gwinner and Eaton (1999) indicate that two of the most common reasons for entering into sponsorship arrangements are “to increase brand awareness”, and “to establish, strengthen, or change brand image” (p. 47). D’Astous and Bitz (1995) also emphasize the two main aims as “increasing consumer awareness and improving corporate image” (p.6). Likewise, Amis *et al.*(1999) report that “increasing public awareness of a brand or company, and changing or enhancing company or brand image and reputation” are the most important reasons for a firm to enter into a sponsorship agreement” (p. 250).

Classifying sponsorship objectives as “primary” and “secondary”, Fill (1999) indicates that the primary ones are “to build awareness, developing loyalty and improving the perception (image) held of the brand or organization” whereas secondary reasons are “more contentious, but generally they can be seen to be to attract new users, to support dealers and other intermediaries, and to act as a form of staff motivation and morale building” (p. 424).

Research by Javalgi *et al.* (cited in Crimmins and Horn, 1996), where they analyzed 87 sponsorships in selected industries as reported in *Special Events Report*, show that the primary objectives of sponsors were “consumer objectives”, that is, a sponsorship is worth millions of dollars primarily because it can have an impact on millions of consumers” (p. 11).

Furthermore, a large group of researchers have addressed the issue by giving sponsors a pool of objectives and asking them to rank the goals that explained their involvement in sponsorships. A representative example of such analysis is provided by Hoek, Gendall, and West (cited in Cornwell and Maignan, 1998). On the basis of a survey of 19 companies in New Zealand, they obtained the ranking of objectives, from most to

least important as: “improving goodwill, enhancing image, increasing awareness, improving profitability, management interest, and staff recruitment” (p. 13). Although importance ratings varied by type of sponsorship (sports, cultural, and community), clearly image and goodwill dominated in all categories.

There are also authors like Mount and Cook (cited in Cornwell and Maignan, 1998) who argue that “marketing and communication objectives are adopted mainly by large corporations” (p. 13), as their interviews revealed that small and mid-sized businesses in small towns view sponsorship mainly as a tool to support their community and to establish community relations.

On the other hand, Lee *et al.* (1997) consider the objectives from a historical perspective based on research findings, and note the following:

“... Early studies found that media objectives were the first priority. More recent studies point to a shift in the priority of the objectives. Gardner and Shuman conducted a survey among 300 of the Fortune 500 companies regarding their sponsorship practices. They reported that the highest priority was given to broad corporate objectives. In a study among 54 large companies in the UK, corporate objectives (e.g. enhancing corporate image) were found to be the leading objectives followed by marketing objectives and media objectives. A survey among Fortune 1000 companies in the US supports this trend. The two main objectives of sponsorship reported were to enhance corporate image (corporate objective) and to increase awareness of brands (marketing objective). Thus, a clear shift from emphasizing media objective to emphasizing corporate objectives (e.g. corporate image) is apparent. A survey of Australian advertising managers also found that media coverage is not one of the major factors motivating corporate sponsorship” (p. 160).

It can be concluded from the above views and also research of several authors that sponsorship aims, first and foremost, to increase brand awareness and to enhance corporate

image. This may stem from the fact that sponsorship is becoming a decision of the strategic management function in the corporate business world.

Arising from the diversified nature of the sponsorship, the diversity of the types of objectives pursued through sponsorship is one of its basic characteristics (Polonsky and Speed, 2001). Therefore, the categorization made above is only to understand the broad objectives of sponsorship. Most of the time operating together, these objectives will, naturally, be defined more clearly and in detail in the sponsorship agreement. The most important reason for defining objectives in sponsorship is that, it is those objectives that will determine which sponsorship to choose and in the aftermath of the event, they will serve as the checklist against which sponsorship effectiveness will be measured and evaluated.

### **3.7 Selecting the Correct Sponsorship**

Having identified the position of sponsorship in the promotional mix and its objectives, comes the next step in sponsorship which is the selection of the “correct” sponsorship in line with the objectives to be achieved. Considering the decreasing support of the government to leisure activities and the attempts of companies in terms of differentiation of their brands/products in the “glob(c)alized” markets, it is no surprise that companies are receiving thousands of sponsorship requests. For example, “in 1984, Philips reported that they had received 10,000 such requests” (Duncan, 2002, p. 640).

Due to high expenditure involved in sponsorship payment, companies need to be selective about the sponsorship they choose. More importantly, as the most important objective in getting involved in sponsorship activities is to enhance the image of the company, the property being sponsored should be one serving this purpose. In this respect, Meenaghan (1991) and Duncan (2002) propose certain guidelines to be used by companies in choosing sponsorships:

1. **Target audience:** The audience for the sponsorship should have the same profile as the brand's target audience(s) within the geographical areas served by the brand (Duncan, 2002). Similarly, Meenaghan (1991) suggests that the sponsorship should cover the defined target audience in terms of "geography, demographics and life style" (p. 41).
2. **Brand image reinforcement:** Sponsorships should be used in an environment that is consistent with a brand's positioning and image (Meenaghan, 1991).
3. **Extendibility:** The sponsorship can be beneficial if it provides brand exposure. Therefore, one of the main opportunities to look for is brand publicity that extends beyond the one that is directly provided by the event itself (Meenaghan, 1991).
4. **Brand improvement:** The more privileges a sponsorship provides, the better. Sponsorship of a museum, for example, could include the right to use the museum for a corporate social function, exclusive tours for customers and employees, and invitations to openings of new exhibits (Meenaghan, 1991).
5. **Cost-effectiveness:** Some sponsorships produce enough brand message exposure that "if the cost of the sponsorship were converted to a cost per thousand, it would be competitive with other media buys" (Duncan, 2002, p. 640). Emphasizing the importance of media coverage, for Meenaghan (1991), "for companies seeking corporate hospitality, it may represent a useful bonus; for major branded goods it may be the basis of their involvement" (p. 42).
6. **Affordability:** For Meenaghan (1991), this may also be a key criterion, and for this reason, "in costing any sponsorship, the cost of 'leveraging' the program with support activity must be included" (p. 41).

Apart from the above guidelines, the sponsors may also seek to get involved in a sponsorship agreement which would offer exclusivity rights for sponsoring the event, or if they will be sponsoring an event with multiple sponsors, they should consider the reputation and image of the other sponsors, so that they may get added value to their brands for entering into a sponsorship agreement with them. Besides, sponsorship can also be selected depending on the opportunities it offers in terms of leveraging the event.

Needless to say, the key criterion in the evaluation of any sponsorship proposal is its ability to fulfill the stated objectives at the brand or corporate level. Therefore, in order to benefit from sponsorship, the companies should first make a priority list of their objectives and also list the guidelines, and then check the objectives against these criteria to see if the sponsorship will enable them to achieve their aims.



## 4. SPONSORSHIP EFFECTS

In order to get a clear understanding of the sponsorship effects, the target audience of sponsorship first needs to be analyzed, as the effects will be determined by the perceptions of this audience.

### 4.1 The Sponsorship Audience

Although sponsorship seems to be a communication tool targeted more at the external stakeholders, it can be used to attract the internal audience, as well. Several researchers have attempted to describe the audience targeted by sponsorship.

An example of such research is that of Gardner and Shuman (cited in Cornwell and Maignan, 1998) who identify four types of participants in sponsorship: “*corporations, channel members, the public, and sponsored organizations*”; and five categories of audience or ‘publics’: *consumers, financial institutions, community leaders, employees, and channel members*” (p. 13). On the other hand, research by Polonsky *et al.* covering Australian businesses (cited in Cornwell and Maignan, 1998) reveals that “Australian businesses targeted the following publics: *potential customers, current customers, and the general public*” (p. 13). Imamoğlu (2003) classifies the target audience as “*internal*” and “*external*” (pp. 58-59). According to this classification, *external audience* comprises of interest groups such as existing companies, financial companies, political parties, federations, political authorities, competitors, opinion leaders, consumers and all the public whereas *internal target audience* comprises of employees of all positions (Imamoğlu, 2003).

Some authors give priority to the external audience of sponsorship, as they are naturally larger in size than those attending the event, and also comprise of the “customer-to-bes”. In this respect, Grimes and Meenaghan (cited in Dolphin, 2003, p. 181) suggest that sponsorship is a “highly effective method of communicating with all audiences, but the primary focus of attention is the external customer”. Similarly, for Nicholls *et al.* (1994) as the sponsor not only reaches the audience on the site but also the large number of

people “looking at, or listening to broadcasts of the event, or reading about it in the press, the larger number of persons in the external audience may well be the main reason for participation in the event” (p. 35).

Even though similar to the ones mentioned above, Gillies (1991) suggests a more detailed categorization of the audience which is as follows (pp. 20-22):

1. **Consumers:** The great mass market who buys the goods or services of the company, or who are potential buyers.
2. **Current business customers:** The audience who buys the company’s products, but to whom the company can offer other goods and services. They can also recommend the company’s products to their friends.
3. **Potential business customers:** New customers in new markets, in new areas and in new countries. By sponsorship, they can be persuaded that a company “has something worth buying”.
4. **Government and local authorities:** These are business-to-business contacts that possess a great deal of power and are responsible for large budgets and influence decisions.
5. **Employees:** The sales force is an important element of staff relations since it is their success which determines the sales figures of the organization. However, apart from the sales force, the backroom staff also needs to be motivated, as they can damage the company if left uninformed.
6. **Potential employees:** Attracting employees has become an important issue in today’s competitive markets. If a company has a dull image and a reputation for poor pay and prospects for promotion, it will not attract qualified people.
7. **Wholesalers, distributors and retailers:** The success or failure of a product can depend heavily upon the goodwill of these links in the chain.
8. **Suppliers:** It is important to keep good relations with them. Otherwise, they may not put in the required effort for the orders a company has to make which will then affect production or sales.
9. **Shareholders:** Once a company goes public, it becomes a target for a takeover. Therefore, it is important to establish a good relationship with shareholders, as they

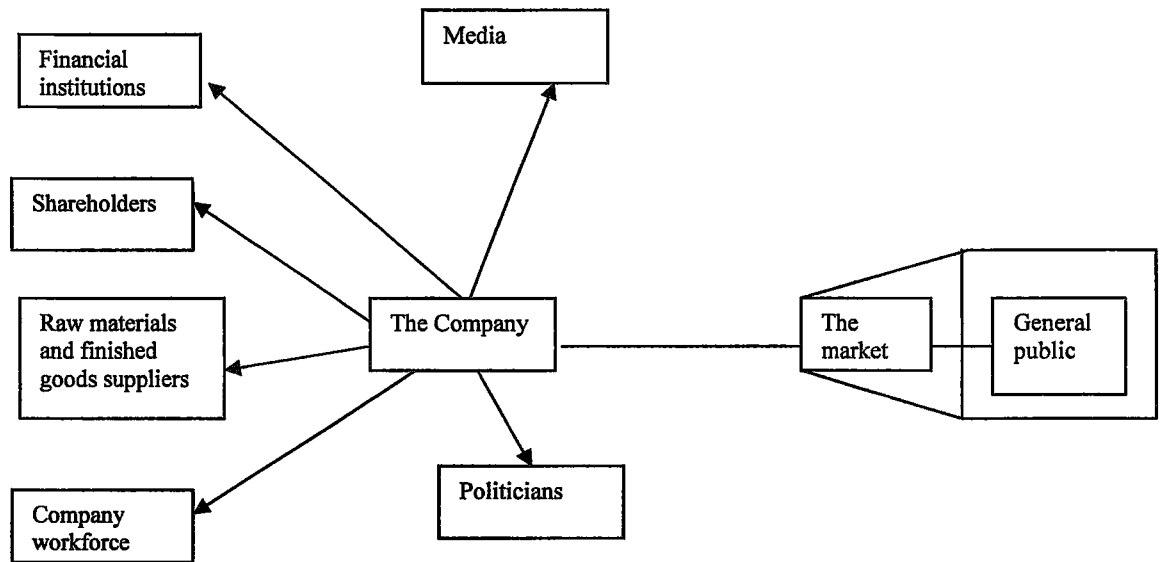


might receive generous offers and there needs to be a strong reason in place so that they will stay loyal to their companies.

10. **The public:** This includes everyone listed above and the rest of the population who cannot be so explicitly defined.
11. **The press:** They are not a target audience in themselves, but a medium to reach anyone, or all of the above targets. However, this tool is so powerful and influential that it should always be given priority over others.

A further classification is made by Crowley where he identifies seven categories, namely “*product markets, suppliers, workforce, local community, business community/key decision makers, and shareholders*” (1991, pp. 13-14). Crowley’s classification differs from that of Gillies’s in that, it includes the existing and potential markets in the product markets category; uses the term *workforce* to include all the employees of a company; and includes of key decision makers, as for Crowley (1991) this audience can be affected by corporate hospitality. Also, one of the categories in his classification is the *local community* since “sponsorship of local events is much prized as an integrative medium whereby the business marries its persona with that of local community” (Crowley, 1991, pp. 14).

Despite small differences among the definitions cited above, it can be inferred that the target audience sponsorship aims is in fact the same as the corporate publics of a company which is depicted in the figure below provided by Meenaghan:



**Figure 4.1** Corporate publics (Meenaghan, 1991, p. 40).

Additionally, priority to be given to each category on the target audience list is also determined depending on the industrial sector a company is operating in. For example, Crowley (1991) notes that suppliers are highly important for sponsors in the agriculture and food sector whereas workforce and local community may be very important for retailing sector.

There is naturally no specific list which would be valid and effective for all sponsorships. It is again the specific sponsorship agreement and its implementation which will determine which audience to address.

## **4.2 Understanding Sponsorship Effects: Theoretical Background**

Having defined the target audience of sponsorship, before the effects of sponsorship on various aspects of a business, it is important to understand the cognitive process, that is, how these audiences are affected by sponsorship. Cornwell and Maignan (1998) report that no attempt has been made to explain how sponsorship may affect

consumers' perceptions of a brand or business, and to address that issue propose two conceptual frameworks from cognitive psychology which are "*congruence theory*" and "*structure of memory*" (Cornwell and Maignan, 1998, p. 16-17):

**Sponsorship and Congruence Theory:** Congruence theory suggests that "the storage in memory and retrieval of information are influenced by prior expectations" (Cornwell and Maignan, 1998, p. 16). That is, people best remember information that is congruent with what they expect before the event. However, "the competing theory is that incongruent information requires more elaborate processing and results in greater recall" (Cornwell and Maignan, 1998, p. 16). In applying congruence theory to the impacts of sponsorship, as sponsors communicate through the activity they sponsor, attitude toward the sponsor may be affected by attitude toward this activity. Therefore, Cornwell and Maignan suggest (1998) that experimental designs should be established to find out how attitudes toward the sponsor may be affected by; "(1) the type of event sponsored, (2) the type of products offered by the sponsor, (3) the type of audience considered, and (4) the presence of collateral promotional activities" (pp. 16-17).

In line with the congruence theory, Imamoğlu also emphasizes that "sponsors aim to influence the opinions and behavior of the subject audience by sending a message in line with their psychological inclinations" (2003, pp. 58-59). That is, they want to impact the target audience in terms of their psychographic characteristics. The reason for this can also be explained by Gillies, as she notes "there is a ready-made, captive and receptive audience waiting to be turned into customers" (1991, p. 9).

**Sponsorship and Structure of Memory:** Another area of theory from cognitive psychology that can explain how sponsorship works concerns the structure of memory. According to this approach, the participants and spectators comprising the sponsorship audience have an "episodic (event-based) memory in addition to a semantic memory for the event" (Cornwell and Maignan, 1998, p. 17). Therefore, an event may create a different level of brand awareness and recall to someone who sees it on television than to those attending the event. The reason for this is that the event "promotes memory for both

information central to the event and peripheral detail” (Heurer and Reisberg, 1990, cited in Cornwell and Maignan, 1998, p. 17) which naturally results in high levels of memorability.

### **4.3 Analysis of Sponsorship Effects**

Considering the objectives of sponsorship, the ultimate effect of sponsorship, if executed successfully, is to extend the visibility of the company by relating itself with an event. Each promotional element whether it is advertising or sales promotion creates an “*added value*, producing an outcome where the whole represents more than the sum of the parts for both parties” (Johnson, cited in Meerabeau *et al.*, 1991, p. 39). Therefore, the effects of sponsorship cannot be thought as separate from each other since the promotional element generating the subject effect undertakes a complementary role. However, for the purposes of understanding the whole picture, the effects of sponsorship will be analyzed under four headings, namely *corporate, marketing, communication* and *sales effects*.

#### **4.3.1 Corporate effects of sponsorship**

As defined in Section 3.6, most of the objectives of sponsorship are corporate-related among which enhancement of corporate image and increasing awareness are those ranking on the top of the list. Therefore, it is important to understand in detail how image is affected by sponsorship.

##### **4.3.1.1 Image effects**

Sponsorship is seen by Parker (1991) “as the appropriate communications medium to be considered when image needs to be addressed” (p. 24). The reason for this is that sponsorship creates a link between an event and a company.

When analyzing the image effects of sponsorship, it is also important to distinguish between “corporate name” and “corporate image” (O’Hagan and Harvey, 2000, p. 216). According to O’Hagan and Harvey (2000), companies with already well-known names, tend to use sponsorship to promote their images, whereas other companies would put in

their efforts to make their names well-known to the public since “it will be quite a desirable property to have their (name) enter the vocabulary of the consumer” (Deighton, cited in Mason, 1992, p. 59).

An important issue in the improvement of image is that it does not happen overnight, in the aftermath of a single event. This is also in line with the findings of Javalgi *et al.* (1994) which reveal that “corporate sponsorship can enhance corporate image, but that such an outcome is not automatic” (p. 57). For Javalgi *et al.* (1994), sponsorship may enhance a company’s image if the company has already a positive image in the minds of the consumers. Otherwise, that is, if consumers have negative perceptions about the company, sponsorship may have an adverse effect on the company’s image. The capability of sponsorship to produce the desired outcome depends mainly on three factors, namely *determinants of event image*; *moderators between event image and brand image*; and *image congruence* all of which in the end help realize the process of *image transfer*.

### **1. Determinants of event image**

For Gwinner (1997) an event’s image comprises of “a particular market segment’s overall subjective perceptions of the activity” (p. 148). In this framework, he proposes that there are three factors which may be influential on one’s perception of a particular event. These are “*event type*, *event characteristics*, and *individual factors*” (Gwinner, 1997, p. 148).

***Event type:*** Event type refers to whether an event is about sport, music, art, or another area of sponsorship which may affect the perception process in various ways. According to Gwinner (1997), firstly, people tend to “develop some attitudes (i.e., positive or negative predispositions) towards an event through past experience or other forms of exposure (word-of-mouth, television, etc.)” (p. 148), producing a favorable or unfavorable manner towards the event. Secondly, event image reflects the meaning of the event for an individual, and can be “characterized using descriptive labels- termed *image associations*- that represent a summation of one’s perceptions” (Gwinner, 1997, p. 148). These labels would include: “youthful, mature, carefree, adventurous, educational, social, traditional,

exclusive, common, liberal, conservative, high class, family-oriented, children-oriented, cerebral, athletic, pride, political, etc.” (Gwinner, 1997, p. 148) which will in the end form the event image. For Gwinner (1997), other possible factors impacting the event image are the number and type of other participants. This means that events may be perceived as more successful if they attract many attendees. Type of participants, referring to the demographic and psychographic characteristics of others attending the event, can also affect the event.

***Event characteristics:*** According to Gwinner (1997), the ‘level’ of the following characteristics are likely to influence consumers’ perceptions of an event’s overall image: “event size, professional status of participants (professional or amateur), tradition/history associated with the event, event venue, and promotional appearance” (p. 148), and theorizes that in most cases, “perceptions of quality, legitimacy, and attendance desirability will be higher with long running, large, elaborately staged events, featuring professionals in attractive and convenient venues” (p. 149).

***Individual factors:*** Gwinner (1997) proposes three individual factors that may impact event image. These are; “the number of images an individual associates with an event; the strength of the particular image; and the past history one has with a specific event” (p. 151). The number of events is important since the more number of messages, the more it is difficult to associate with a single identity. This also affects the strength of the message, as strong messages will be more effective. Finally, an individual’s personal history may also affect the perception of the event image depending on the feelings that the person has associated with the event’s image.

## **2. Moderators between event image and brand image**

In order for the link between the event image and brand to produce the desired effects, it has to have a solid basis, so that the “transfer” between an event’s image and the brand’s image can be achieved through this link. Gwinner (1997) proposes three moderators which affect this “*meaning transfer*” (p. 152).



The first moderator is the “*degree of similarity*” between the event and the sponsor. For Gwinner (1997), “a product can have either “*functional*” or “*image-related*” similarity between the event and the sponsor (p. 152). *Functional similarity* occurs when a sponsoring product is actually used by the participants during the event. An example of this type of similarity is Adidas’s sponsorship of a marathon. The link is established because, apart from being a sponsor, Adidas’s products are actually used by many of the participants during the event. The second type of similarity is termed *image related*, and occurs when the image of the event is related to the image of the brand. An example of this type of linkage is Pepsi’s sponsorship of the 1993 Michael Jackson World Concert Tour. Gwinner notes that this is consistent with some celebrity endorsement literature which suggests that “mis-matches between endorser and the brand decrease the effectiveness of the endorsement” (1997, pp. 152-153). A second factor is the “*level of sponsorship*” (Gwinner, 1997, p. 152) which refers to the number of sponsorships involved in a sponsorship arrangement, that is, “different levels of sponsorships offered by multiple sponsors” (Gwinner, 1997, p. 152). In this regard, exclusive sponsorship would be the most influential one for maximum effect. The “*frequency of the event*” (Gwinner, 1997, p. 153) will also have an impact on the image transfer. Events may be on either a one-time occurring or recurring basis. Although a one-time event does not allow continuity over time, some events may be of such a unique nature that they attract great deal of media attention. However, for Gwinner (1997) “an ongoing event (annual, semi-annual, monthly, etc.) should have the benefit of more firmly establishing a link between the event and the brand due to repeated exposures” (p. 153).

### **3. Image congruence**

For Rifon *et al.* (2004), in the advertising and marketing literature, congruence has been used to indicate “consumer perceptions of similarity” (p. 30), but it differs depending on its study and applications. As such, “in the sponsorship literature, it is ‘relatedness’ and ‘relevance’, or ‘compatibility’; in cause-related marketing research, it is a ‘fit’” (Rifon *et al.*, 2004, p. 30). The basic idea behind all these concepts is that there needs to be a certain level of similarity between the event being sponsored and the company, as this similarity will act as the foundation on which the link for image transfer is to be established.



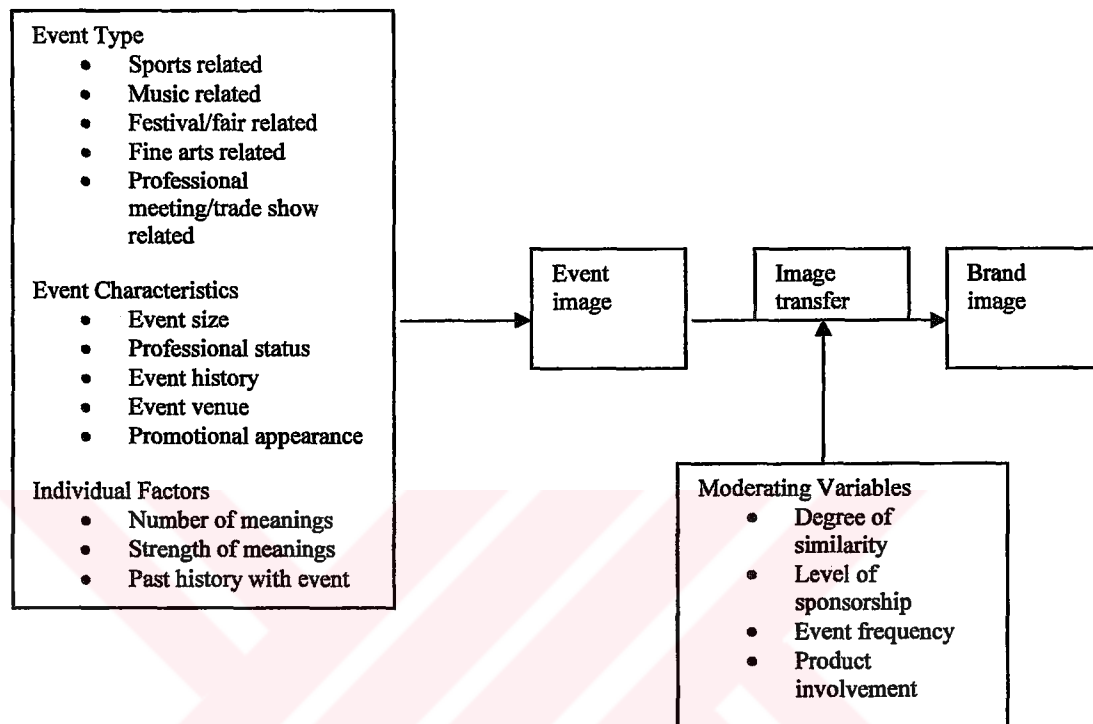
For McDonald (cited in Gwinner and Eaton, 1999, p. 49) product relevance to the sponsored event might occur “*directly*” or “*indirectly*”. The direct method occurs “when the sponsoring firm’s products are (or could be) used in the event” whereas “indirect relevance can be achieved “if some aspect of the sponsor’s image corresponds with the event” (McDonald cited in Gwinner and Eaton, 1999, p. 49). As mentioned above, Gwinner (cited in Gwinner and Eaton, 1999) addresses the same issue; however, using the terms “*functional based*” and “*image based similarity*” to refer to the “potential congruence between events and the sponsoring brands/companies” (p. 49). The terms “functional similarity” and “image based similarity” might be said to be corresponding to “direct relevance” and “indirect relevance” respectively. The important issue in these two methods of establishing congruence is that the relationship between the sponsor and the sponsored event should be “logical”. This logical relationship can be achieved by creating a “*synergy*” (Parker, 1991, p. 26) between the two. For Parker (1991), this “synergy” can be created by “type-face, colors, copy style, message, etc.” (p. 26).

A related study by D’Astous and Bitz (1995) has shown that “when sponsorship is commercial with an existing event, the link between the sponsor and the event has a positive impact on the perceptions of image improvement. This impact is stronger in the case of one-shot sponsorship” (p. 16). This means that when there is a strong link between the event image and brand image, the sponsorship may lose its initial effect in time. However, if the link is weak in the beginning, it may improve in time when the sponsorship becomes a continuous one. The same study by D’Astous and Bitz reveals that when the sponsorship is of philanthropic in nature “the sponsor-event link has a marginal impact, independent of the origin and frequency of the sponsorship” (1995, p. 17). Another finding of the study is that frequency and origin of sponsorship influence consumer reactions more “when sponsorship is commercial than when it is philanthropic” (D’Astous and Bitz, 1995, p.17).

#### **4. Image transfer**

The ultimate aim in entering into a sponsorship agreement, choosing a certain type of event is to accomplish the task of “image transfer” via which consumers will be forming

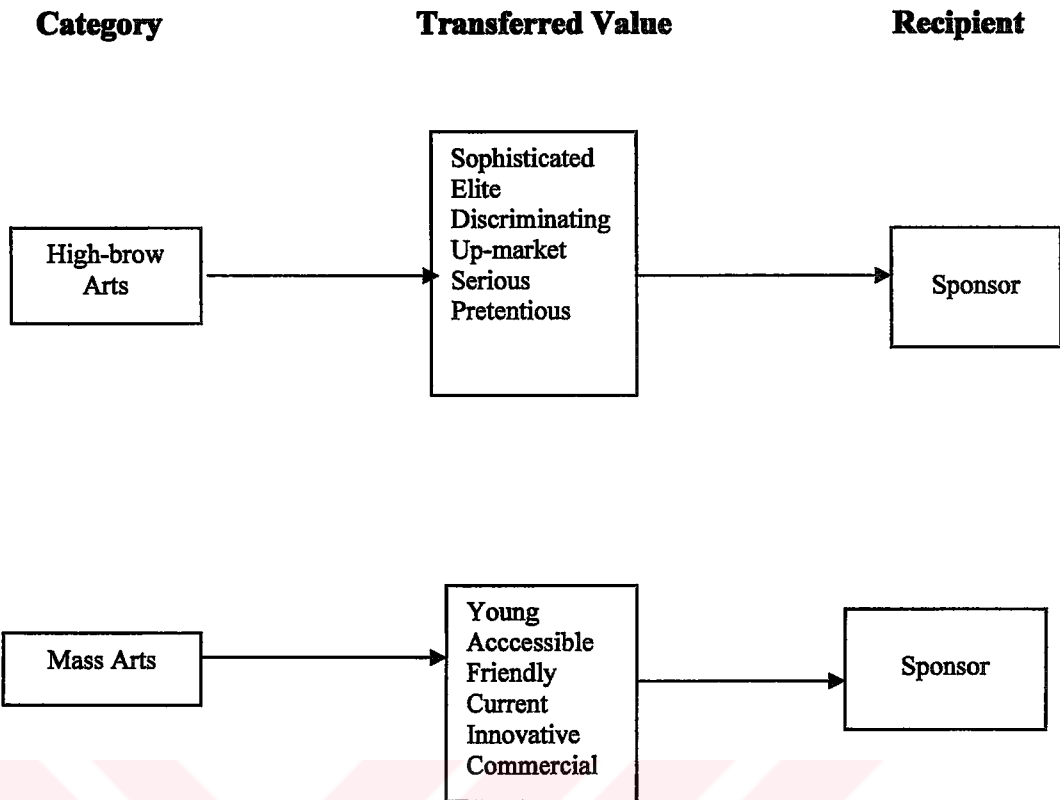
“positive image” towards the company. The success of this transfer depends on the characteristics of the event image and the factors intervening between the event image and the brand image as mentioned above. In this respect, the figure provided below summarizes how this process is executed.



**Figure 4.3.1.1.a** A model of image creation and image transfer in event sponsorship (Gwinner, 1997, p. 148).

Apart from the above, Gwinner (1997) emphasizes that if there are multiple images in an event or if the event has a “vague image” (p. 151), it may be difficult for the participants to perceive the “correct” image and decide which image to “transfer”.

Likewise, Meenaghan (2001) also notes that “each sponsored activity has its own distinct personality” (p.104), therefore, the image transferred to the sponsor depends on these characteristics. The figure below depicts how different types of sponsorships generate certain values to be transferred to the sponsoring brands:



**Figure 4.3.1.1.b** Image values derived from various categories of sponsorship. (Meenaghan, 2001, p. 103).

#### 4.3.1.2 Goodwill effects

When a company is engaged in sponsorship, even though it is done for commercial benefits, the company also, in a way, contributes to the welfare of the society, especially in sponsorships which mainly serve the local community. Therefore, the sponsoring company “is seen as concerned with society, and through sponsorship it shows its *‘human face’*” (Meenaghan, 2001, p. 210). This is how the companies create goodwill by sponsorship.

**The concept of contingent goodwill:** For Meenaghan (2001), the contingencies involved include “the sponsorship choice, the time of entry, the time and manner of exiting, the level of overt sponsor commitment, the nature of caring displayed toward the activity and its fans, and the interplay between these factors” (p. 109). This means that a sponsor creates goodwill in the minds of the consumer “by the total behavior of the sponsor toward

all aspects of the sponsored activity” (Meenaghan, 2001, p. 109), and the sponsor is regarded as generating goodwill when the sponsorship is philanthropic. In this respect, Meenaghan (2001) notes that “when entering upon a sponsorship program, the sponsor engages in an overt contract with the event owner. However, it is strategically crucial that the sponsor also recognizes that there is an *unspoken social contract* with activity followers which commits the sponsor to behave within formally unspecified, but nonetheless real boundaries of behavior” (p. 109). Here, the “real boundaries of behavior” refers to the “total behavior” which is considered as “good” and “beneficial” to the society. However, if the sponsoring firm “transgresses” (Meenaghan, 2001, p. 109) from that behavior by too much overt commercial exploitation, it will result in negative perception of the sponsor. Meenaghan (2001) emphasizes that this “unspoken understanding” (p. 109) between the sponsor and the activity followers is both “contingent and highly fragile, and reactions of the activity followers are conditional on the sponsor’s respect of the sanctity/integrity of the activity” (p. 109).

As mentioned above, goodwill effects of a sponsorship program depends very much on the activity being selected. Research by Meenaghan (2001) reveals that “categories such as social causes, environmental programs, and high-brow arts/cultural activities encouraged greater degrees of goodwill than the sponsorship of sports and popular arts” (pp. 198-199). The reason for this is that a distinction is made between philanthropic activities and those activities which are commercial, as commercial sponsorships like sponsorship of sport and mass arts, seem to benefit only to the sponsor, and not contributing to the society.

Another factor which is effective in the generation of goodwill, and also image is the “timing of entry to the sponsorship” (Meeganhan, 2001, p. 108). For Meenaghan, this is important since if a sponsor enters into a sponsorship agreement later than the other companies it may regarded as a “bandwagon” (2001, p. 108) who is there only for commercial purposes. Similarly, exiting from sponsorship may also create the same effect as in this case, the company might again be seen as withdrawing from sponsorship upon the termination of the sponsorship program. Therefore, Meenaghan (2001) suggests that “care must be given to preserve such goodwill wherever possible, for it is at the point of

exit that the risk of being seen to be merely exploiting the activity is probably greatest” (p. 108).

Related to this are the PR values attached to sponsorship, on the basis of which Jefkins and Yadin (1998) argue that although sponsorship can be very costly, it can be highly successful, especially by “PR value in winning good customer relations, enhancing public goodwill, or in the establishment of a corporate or product image” (pp. 183-184).

#### **4.3.2 Communication effects of sponsorship**

Depending on the “perception of benefit, the subtlety of the message, and the disguised commercial intent of communication” (Meenaghan, 2001, p. 109), consumers tend to perceive sponsorship communication in a “*halo of goodwill*” (Meenaghan, 2001, p. 209). Thanks to this, the likelihood of sponsorship communication to receive negative reaction may become less.

Meenaghan (2001) notes that the communications effects of sponsorship vary “according to the degree to which the individual consumer is involved with the sponsored activity” (p.110) where he uses the terms “*involved*” and “*uninvolved audience*” to refer to sponsorships where there are participants and where there are no participants respectively. In the case of uninvolved audience, the effects of sponsorship are quite limited. The reason for this is that since this group of audience does not participate in the activities integrated in the sponsorship program, they may “register an abstract goodwill toward the sponsor” (Meenaghan, 2001, p. 110). On the other hand, if there is an involved audience in place, by participating, thus experiencing the activities, the followers will be more aware of the sponsor and the images desired to be transferred to the sponsoring company via these activities.

Furthermore, Parker (1991) addresses the benefit of sponsorship communication in reaching “a diversity of targets” (p. 27) whereby the sponsor reaches mass market audiences via mass media, and narrower audiences through corporate hospitality.

### **4.3.3 Marketing effects of sponsorship**

According to Abratt and Grobler (1989), “there is a two-fold marketing value of sponsorship which are *publicity* and *investments in goodwill*” (p. 352). Along with this, by improving brand awareness and image, a sponsorship can encourage consumer loyalty.

In addition to this, sponsorship also offers the opportunity to the sponsoring brand to get access to a “unique global audience” (Meenaghan, 1996, p. 105). This can be achieved especially in sponsorship types like sports which attract a wide, global audience. Therefore, sponsorship can also be regarded as a vehicle to enter into foreign markets to create a brand awareness of global reach.

### **4.3.4 Sales effects of sponsorship**

Although there are various viewpoints on the effects of sponsorship on sales, most of them agree on the common ground that sponsorship does itself affect sales, but only has the ability to increase the sales of a company in the medium or long-run through positive effects it generates.

For Anderson and Kleiner (1995), sponsorship reaches the audiences in a way different from other communication tools, “making the company and the product ubiquitous on the world stage. This creates an awareness which can be converted into sales success” (p. 54). Thus, sponsorship can increase the sales indirectly.

Gwinner (1997) considers this issue from a different angle, focusing on the type of product. In this regard, suggesting that firms should consider whether image transfer will have an effect on the behavior of the consumers, that is, whether it will encourage them to buy the product being offered, he argues that “in terms of impacting a consumer’s attitude towards a brand, low involvement products will be more effective in sponsorship promotions due to the peripheral nature of persuasion taking place” (Gwinner, 1997, pp. 155-156), causing the sponsorship “acting as a catalyst in triggering purchase” (Gwinner, cited in Meenaghan, 2001, p. 112). Therefore, companies offering high-involvement

products should consider carefully prior to entering into a sponsorship agreement. The findings of Meenaghan (2001) also produce the same results where he notes that “in all instances where purchase was claimed, the product category was classically one which the traditional marketing literature would describe as low involvement” (pp. 111-112).

Addressing the debate whether sponsorship increases sales, Polonsky and Speed (2001), argue that “whilst an impact on recall, attitudinal and behavioural intention objectives have frequently been observed, behavioural effects such as sales have been much harder to identify in sponsorship activities” (p. 1367). As can be seen from the above, there seems to be no direct link between sponsorship and sales. Based on the sponsorship literature, the following statement by Polonsky and Speed (2001) summarizes how sponsorship affects sales:

“... In fact, it has been proposed that an indirect increase in product sales is only one ‘possible’ benefit of sponsorship. In short, sponsorship is normally conceptualized as a promotional tool that has stronger effects on awareness, image and attitudes, than on sales” (p. 1367).

#### **4.3.5 Negative effects of sponsorship**

Emerging from philanthropy, sponsorship is definitely an effective means of generating positive attitude towards the sponsoring brand. However, there may be cases where negative reaction can also emerge due to the “commercialization of events” (Gwinner, 1997, p. 147). The reason for this is that these events may be perceived as “selling out to the corporate world” (Gwinner, 1997, p. 147). Gwinner (1997) notes that this is especially encountered in arts where sponsorship of arts is seen by some individuals as leading to censorship. Therefore, in order not to leave room for these kinds of remarks, Gwinner (1997) proposes that possible attendees to these events should be educated about the beneficial role sponsorship plays in event production.

Apart from the above, research by Meenaghan (2001) has also revealed the following results regarding the possible negative effects of sponsorship:



1. ***Sponsor interference:*** Given the emotional attachment fans have to their favorite activities, the fans may resent any unwarranted interference with the activity itself.
2. ***High-profile/Grassroots activity:*** It is the belief that sponsors are only interested in high-profile activities and have little or no interest in lesser known activities. Therefore, consideration should be given to sponsorship choice.
3. ***Ticket allocation:*** This is the suggestion that sponsors receive prime ticket allocations, thereby precluding “real fans” from attending important games, and furthermore, these tickets are used to invite guests who have no real interest in the activity other than to be seen in high-profile social settings.
4. ***Degree of exploitation:*** Participants may be concerned about the degree of exploitation that surrounded sponsorship both generally and at the individual campaign level” (p. 200).

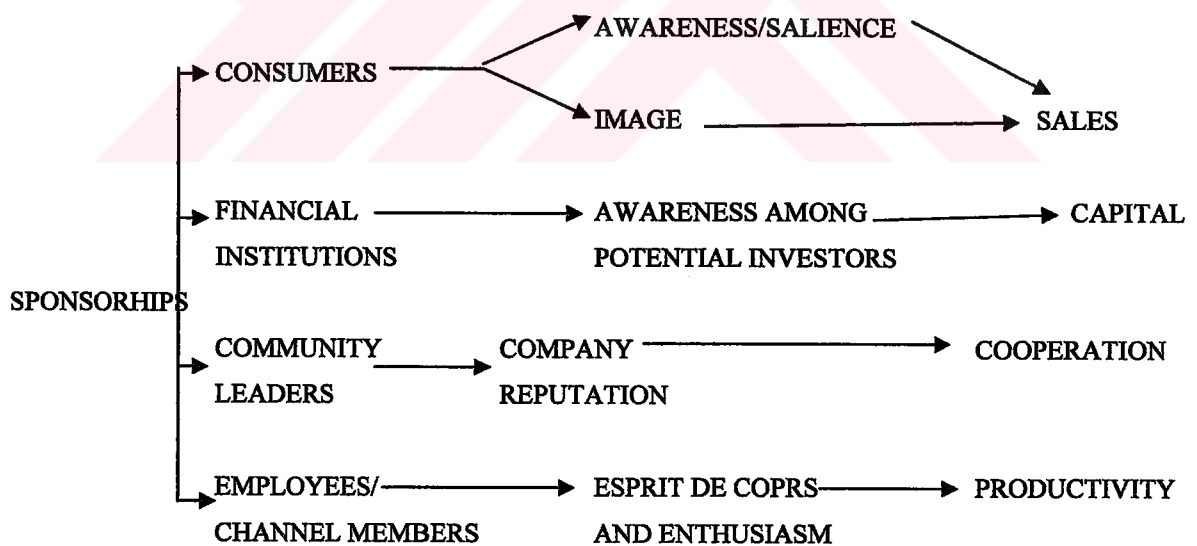
#### **4.3.5.1 Ambush Marketing**

Another issue which has emerged due to the attractiveness of sponsorship, and has come to produce negative effects on the sponsoring companies, especially in terms of brand awareness, is *ambush marketing* which occurs “when companies try to create the perception that they are associated with an event without actually being a sponsor” (Cornwell and Maignan, 1998, p. 15). Ambush marketing is in fact not a negative effect of the concept of sponsorship in general, but a challenge sponsorship faces due to its popularity as a communication tool. Sandler and Shani (cited in Cornwell and Maignan, 1998) have examined empirically the effects of ambush marketing. They investigated viewer recall and recognition for both sponsors and ambushers at the 1988 Winter Olympic Games, and found out that the official sponsors were recalled more often than non-sponsors in only four of seven product categories. Therefore, ambush marketing seems to be effective “in confusing consumers about the identity of the true sponsors of a given event” (Cornwell and Maignan, 1998, p. 15). Meenaghan (cited in Cornwell and Maignan, 1998, p. 15) recommends that “sponsors request from organizers that their event be

protected by property rights” and “exploit the event to the maximum extent possible by sponsoring subcategories of the events”. Similarly, Javalgi *et al.* (1994) suggest that companies should attach their names to the titles of the events they sponsor.

#### 4.4 Common Models of Sponsorship Effects on Different Audiences

Gardner and Shuman (1988) acknowledge that “common models of effects of promotions do not explicitly recognize the role of sponsorships” (p. 45). The reason for this as mentioned above, may be due to the nature of sponsorship, being based on an agreement designed differently for each particular case. Naturally, there may be universals of sponsorship, yet, each event demands its own conditions. Despite these challenges, Gardner and Shuman (1988) argue that a model can be developed “based on models of the public relations function, which view the effects of company activities on different publics” (p. 45), affirming that sponsorship is “efficient as it can be used to define a corporation’s personality to its many publics simultaneously” (p. 45).



**Figure 4.4** Conceptual framework for common models of sponsorship on different audiences (Gardner and Shuman, 1988, p. 46).

The benefits of sponsorship on different audiences which Gardner and Shuman (1998) consider as the basis for their model can be summarized as follows:

1. "Sponsorships affect both current and potential consumers of a sponsor's products or services by creating awareness of new products and enhancing the salience of brands in the maturity phase of the product life cycle by generating public relations coverage and providing opportunities for related promotions and on-site activities.
2. Sponsorships also affect profits by influencing non-consumer audiences. For example, sponsorships affect financial institutions and may increase awareness of the sponsoring company among potential investors which may facilitate to raise capital by getting loans or attracting investors. Financial institutions may also be associated with good community citizenship.
3. Sponsorships can also affect community leaders' perceptions of sponsoring companies by regarding them as good neighbors.
4. Another effect of sponsorships is the creation or strengthening of *esprit de corps* among employees and members of the firm's channels of distribution which in turn, may help to enhance productivity and customer service, decrease absenteeism, and generate enthusiasm for new products and product repositionings" (p. 46).

## **5. MEASUREMENT OF SPONSORSHIP EFFECTS**

The reason for examining sponsorship in detail in the previous sections is to understand that sponsorship is a critical communication tool which accommodates different promotional elements that produce various effects depending on the sponsorship program being implemented. This is especially of vital importance in the measurement process since “successful” measurement cannot be achieved without taking into consideration each and every element within the sponsorship program. However, it is again multidimensional characteristic of sponsorship which poses certain problems in measurement.

### **5.1 Fundamental Issues in Sponsorship Measurement**

There has been limited research in the measurement of sponsorship. Nevertheless, most of the authors dealing with sponsorship have mentioned the problems faced in sponsorship measurement.

For Quester (1997), sponsorship evaluation is difficult “due to the inability to isolate sponsorship effects from other marketing variables” (p. 102). Similarly, McDaniel (1999) argues that the uncertainty of where to fit sponsorship in the marketing communications mix, “influences the choice and application of an existing consumer behavior research paradigm” (p. 166) to measure the effects of sponsorship.

On the other hand, Javalgi *et al.* (1994) regard the objectives of sponsorship as being “vague” (p. 48), and claim that due to this “only in a few instances do the companies have any formal method for measuring effectiveness” (p. 48).

Thompson and Quester (2000) also note that measuring sponsorship has been a difficult task:

“... Many corporations use *pseudo measures* such as an increase in sales or an increase in sales inquiries, as a measure of the success of a sponsorship exercise.

However, there are difficulties in the use of such measurement tools. It is difficult to isolate the effect of sponsorship from other confounding factors occurring simultaneously, such as competitor's activities or promotional campaigns. The time-lag factor also complicates the measurement process: an appreciative spectator or audience may not register an appreciation of sponsorship via sales inquiry or cash-register transaction for some time after the actual event, if at all" (p. 1264).

Emphasizing the difficulty in considering sponsorship effects as separate from each other, for Dean (2002), measuring sponsorship effectiveness in reaching its objectives has also been difficult because "sponsorship effects are often confounded with those of past and current advertising from the sponsoring company" (p. 78).

Based on surveys regarding sponsorship measurement, Dowling concludes that many sponsorships are not "formally evaluated" due to the following reasons:

- 1) "It is claimed to be too difficult to de-couple the effects of the sponsorship from the other marketing activities such as advertising and merchandising which often accompany sponsorship,
- 2) It is too costly, given the amount of money involved,
- 3) It is not relevant because the sponsorship fulfills the personal objectives of the manager who champions the cause" (2002, p. 142).

Hoek (1999) addresses a different dimension of measurement issue and attributes the difficulty in measurement to the "naïve approach to sponsorship management in which sponsors have typically accepted contracts which allow them only limited control of crucial aspects of the event, and which offer no guarantees of return on their investment" (p. 7). This arises from not setting clear objectives from the beginning since the absence of objectives leaves no criteria for the effects to be measured against. The same problem is mentioned by Marshall and Cook (1992) who argue that part of the problem lies in the "lack of clear objective setting" (p. 312). They also address other issues concerning measurement:

“... Isolating the effects of sponsorship is complicated by the fact that it is difficult to isolate its effects from the other marketing and communication variables. With ongoing programs it is difficult to measure and carry-over effect from previous sponsorship activity accounting for differing quality of the sponsorship programs. (Meenaghan, 1984, cited in Marshall and Cook, 1992, p. 312). Meenaghan makes the distinction between measuring communication and sales effectiveness and media coverage, commenting that the evaluation of sponsorship activity does not employ the same rigorous methods as the other elements of the communications mix, and is often superficial or ignored” (Waite, 1979; Hulks, 1980, Quinn, 1982; and Turner, 1987, cited in Marshall and Cook, 1992, p. 312).

Comparing the equivalent cost of researching media advertising, Nelson (cited in McDonald, 1991) argues that “the cost of research in relation to particular sponsorship spends often appears to be relatively high” (p. 33). Another reason, according to Nelson, is that people have difficulty in “visualizing how sponsorship ‘works’ for the sponsor’s image” (cited in McDonald, p. 33), that is, people cannot “see” the concrete effects of sponsorship on image. For this reason, they tend to believe that it cannot be measured. Nelson also blames marketing people for the lack of interest in the measurement of sponsorship:

“... There is in marketing people a strong impulse to shy away from investigation when they fear that it may not succeed in showing a result, and to prefer to rely on faith. Many things in marketing are done on the ‘of course it works’ principle, by people who do not have the confidence to want to know” (cited in McDonald, p. 33).

Furthermore, for Javalgi *et al.* (1994), people responsible for sponsorship may be reluctant to examine its effects because of “possible career risk, especially as the amount of money devoted to sponsorship increases” (p. 50):

“... Evidence suggests that some managers are simply not concerned about measuring the effectiveness of sponsorship, either because they have not given it

much thought, or because sponsorship fulfills personal objectives that may be outside conventional communications. Because of their positions, they wield enough influence within their firm to ensure sponsorship expenditures in the tens of thousands of dollars- a considerable amount to a struggling arts company, but a relatively minor expenditure to a highly profitable large business. Although such sponsorship decisions may be conducted in vague references to community service and support for the arts, they are essentially made without regard to any direct, measurable benefit to the sponsoring company”.

Probably the most straightforward remark for the measurability of sponsorship comes from Semenik where he argues that “sponsorship is one of those promotional tools that probably shouldn’t even be measured” (2002, p. 538). Semenik (2002) claims that the aim of sponsorship is to create a positive attitude towards the sponsoring brand which might have an effect on sales in the long-run. Besides, he regards the methodologies used in measurement as “fairly strained” (2002, p. 538) and asserts that sponsorship is measured because “in an era of accountability, managers are usually pressed to come up with some measure of effectiveness for their sponsorship spending” (2002, p. 538).

For Cornwell and Maignan (1998), “demonstrating the commercial impact of sponsorship is probably the best way to legitimize it as a marketing technique. The reason for this is that:

“... Scholars have not adopted any specific theoretical framework that could guide investigations of consumers’ reactions to sponsorships. Instead, discussions have pertained essentially to the measurement techniques believed to be most appropriate for evaluating the effectiveness of sponsorship” (p.13).

Considering the above mentioned reasons for the difficulty or lack of interest in measuring sponsorship, it can be concluded that the ambiguity in defining sponsorship also becomes apparent on the measurement process.



## **5.2 Methods Used in Sponsorship Measurement**

Despite its importance in terms of legitimizing sponsorship as a corporate communication tool generating commercial benefits, the development of sponsorship measurement methods has not kept pace with its dramatic growth as a communications medium. However, there are still some common methods used to measure its effects.

### **5.2.1 Exposure-based methods**

Speed and Thompson (2000) indicate that the most commonly method used is “to measure the quantity of exposure the sponsoring brand achieves through media coverage of the event” (p. 227). Meenaghan (1991) states that this method measures “the duration of television coverage; monitored radio coverage; and the extent of press coverage in terms of single column inches” (p. 44). Exposure is created through mention of the name, appearance of the logo, etc., and is assessed in terms of time or space as in advertising. This is then converted into monetary value by calculating the cost of the advertising to achieve equivalent exposure. This method is also used to “estimate the direct and indirect audiences” (Cornwell and Maignan, 1998, p. 13).

There are also certain measurement techniques to measure exposure on the basis of establishing advertising equivalence correspondence. These techniques assume that “30-seconds exposure time of a logo equates to a 30-second advertisement; to equations which ‘discount’ the value of the sponsorship according to a fixed proportion; to a variable discount depending upon the logo size displayed” (Parker, 1991, p. 27).

Although used as the most common method by businesses, these methods have been heavily criticized by scholars. For example, according to Pham (cited in Cornwell and Maignan, 1998), exposure-based methods are unable to provide information about the commercial effects of sponsorship. Pham (cited in Cornwell and Maignan, 1998) argues that:

“... Media coverage is not the objective of sponsorship, and therefore should not be used to measure its effectiveness. Indeed, the achievement of a certain level of media coverage does not reflect recall or attitude change” (p. 14).

Similarly, Speed and Thompson (2000) argue that there are significant problems in using such an approach to sponsorship measurement:

“... Most significantly, the measurement is *post hoc* and thus cannot be used directly to evaluate proposals or guide sponsorship decision-making. Second, the exposure-based model of assessment of sponsorship effectiveness assumes that exposure is a necessary and sufficient condition for sponsorship success. Third, it assumes that additional exposure will always add to the effectiveness” ( p. 227).

Meenaghan also indicates that this measure is widely used as it is “practicable” (1991, p. 44). However, criticizes it on similar grounds as Speed and Thompson:

“... It is important to recognize that the level of media coverage merely indicates the extent of the publicity resulting from the sponsorship and as such, is basically similar to indicating the level of advertising time or space bought. Hence, this measure, on its own does not evaluate the effectiveness of the exposure gained” (p. 44).

This method is also criticized by Fill (1999) since “audience consider events (a sports match, exhibition or TV program) as their primary focus, which organization is sponsoring the activity, unlike advertising, where the message either dominated the screen or a page of a magazine and viewers attend according to their perceptual filters” (p. 433), and concludes that “the focus of attention is different, and so should be the means of evaluation” (p. 433).

Another severe criticism is from Parker (cited in McDonald, 1991, p. 33):

“... In my opinion it’s amazing how many people say their sponsorship was effective because it was mentioned or shown n times during a program, or achieved y mentions in the national press. This measurement has missed out the differing abilities for the sponsorship media to communicate and these must be evaluated”.

### **5.2.2 Tracking measures**

Based on “consumer surveys” (Cornwell and Maignan, 1998, p. 14), these methods measure the “levels of awareness achieved, attitudes created, perceptions changed or associations suggested against stated objectives” (Meenaghan, 1991, p. 44), and are used due to the “tendency to evaluate sponsorship results in communications rather than sales terms” (Meenaghan, 1991, p. 44). To clarify the purpose of these methods, Meenaghan (1991) gives the example of *Cornhill Insurance* in the United Kingdom, who decided to measure the effectiveness of their sponsorship using a research study every six months to establish the following (p. 44):

1. “unprompted name awareness,
2. prompted name awareness,
3. unprompted awareness of Cornhill as a sports sponsor,
4. prompted awareness of Cornhill as a sports sponsor,
5. attitudes towards sponsorship”.

Considering the objective of tracking measures, Parker (1991) argues that “it would be wrong to ask sponsorship awareness at the event itself because the respondent could easily glance at perimeter boards, programs, posters, etc. and have the answer provided” (p. 30). For Parker (1991), among the various techniques, the most widely used currently is the one whereby the names and the telephone numbers of the attendees are collected. “The survey is ‘pitched’ as being about attitudes towards the event itself and refusal rates are extremely low” (Parker, 1991, p. 30). Within two or four days, a follow-up telephone interview is conducted to cover the attitudes towards the event (as promised); sponsorship

awareness; and effects on the image of the sponsor. This technique is most commonly used to measure the effectiveness of arts sponsorships where attendees form the primary audience for the sponsorship (Parker, 1991).

McDonald (1991) also notes that tracking awareness, familiarity and favorability to measure the image effects of sponsorship is a widely used method whereby the “measurement can be done with simple five-point scales to track, before, during and after the occurrence of a sponsored event, movements in *awareness* of which companies are sponsors (both ‘top-of-mind’ and prompted with company and brand names), how *familiar* people are with each company, and how *favorable* they feel towards it” (p. 33). However, he argues that this measure is not adequate to measure perception changes resulting from sponsorship. Rather it reveals “how effective the publicity surrounding the sponsorship has been” (McDonald, 1991, p. 33):

“... As more people have the sponsorship brought to their notice by publicity, they are *reminded* of something they already approve of; it is brought to the front of their mind. It does not follow that anybody’s mind has been *changed* about the company because of the sponsorship” (McDonald, 1991, p. 34).

In addition to measuring the possible changes, Meenaghan (1991) indicates that sponsoring companies also attempt to evaluate sponsorship depending on the degree to which a sponsoring company is associated with a particular sponsorship activity. He suggests that this “degree” can be “correlated with classification variables such as sex, age and social class, thereby enabling the sponsor to determine the level of awareness has achieved with his identified target market” (p. 44).

Furthermore, Cornwell and Maignan (1998) demonstrate that most empirical studies measuring sponsorship effects have employed tracking measures:

“... Researchers assessed recall of sponsors’ ads (Cuneen and Hannan, 1993; Pope and Voges, 1995; Stotlar, 1993), awareness of and attitudes toward sponsors and their products (Nicholls *et al.*, 1994; Sandler and Shani, 1992; 1993; Turco, 1995)

and image effects which can be subdivided in terms of corporate image (Javalgi *et al.*, 1994; Othker and Hayes, 1987; Turco 1995), brand image (Othker and Hayes, 1987), and country image (Nebenzahl and Jaffe, 1991)” (p. 14).

### **5.2.3 Message testing**

Since event sponsorships send a “message with respect to the image projected by the firm’s affiliation with the event” (Semenik, 2002, p. 518), much of the research also deals with “*message-testing*” which comes in two basic types: “One occurs before a promotional campaign is executed (*a pre-test*); the other occurs after a promotional campaign is placed (*a post-test*)” (Semenik, 2002, p. 518). Dean (2002) indicates that pre-tests are conducted to measure “consumer reactions to a proposed sponsorship linkage to ensure that unexpected negative attributions do not arise” (p. 84).

### **5.2.4 Measuring sales effects**

Although cited as one of the most commonly used methods, measuring sales effects poses some problems in commercial sponsorship, as in advertising and marketing communications generally due to the following reasons:

- 1) “The simultaneous usage of other marketing inputs,
- 2) The carry-over effect of previous marketing communications effort,
- 3) Uncontrollable variables in the business environment such as competitor activity or changing economic conditions” (Meenaghan, 1991, p. 44).

Another approach used by event sponsors is to compare sales in periods before and after the sponsored event. For Nicholls *et al.* (1994) “such surrogate measures give no evidence of the size of the audience exposed to the promotion” (p. 35).

### **5.2.5 Monitoring guest feedback**

This method can be useful in cases where the sponsor provides “guest hospitality” (Meenaghan, 1991, p. 45). It can also be used in cases where the target audience is company staff, the local community, participants, spectators and activity organizers as well as the company’s own sales force (Meenaghan, 1991).

### **5.2.6 Cost-benefit analysis**

Meenaghan (1991) suggests that this method is used “where the motivation for sponsorship involvement is more philanthropic than commercial” (p. 46). Going beyond the conventional methods of evaluating marketing, this method uses the collective opinion of senior management as the basis for evaluation.

## **5.3 Suggestions for Sponsorship Measurement**

Besides traditional methods to measure sponsorship effects, some authors have also suggested certain methods to be used for the purposes of measuring sponsorship effects only. These measures are also similar to those of conventional methods; however, show slight differences which arise from the characteristics peculiar to sponsorship.

For Okay (1998), as there are other instruments used in sponsorship, these elements should also be taken into account, since they will have an impact on the awareness and recall of the sponsoring company.

Nicholls *et al.* (1994), propose the “possibility of having *on-site audience research* that goes beyond mere number counting and studies consumer attitudes, interests, and opinions” (p. 35). They indicate that statisticians have developed techniques to make place-based media surveys which conform to traditional norms. The advantage of using this method is that it reveals the audience characteristics at each event, since audiences attending to events differ in terms of demographic and lifestyle characteristics, attitudes,

interests, and opinions. Nicholls *et al.* (1994) conclude that this finding “makes certain events more attractive to some sponsors than others” (p.35).

Another suggestion comes from Semenik (2002) where he proposes a different method to measure the sponsorship message. Suggesting that managers should avoid judging messages on the basis of sales as the single measure, Semenik (2002) proposes that there are four basic dimensions on which a message can be evaluated: “whether or not the message imparts knowledge about the brand; shapes attitudes and preferences; attaches feelings and emotions; or legitimizes the brand as one that is right for its target audience” (p. 518). Although message testing proposed by Semenik is for advertising, it can also be used as one of the measurement methods in a sponsorship program to check the advertising message since advertising is one of the leveraging elements used in sponsorship programs.

**1. Impart knowledge:** This dimension is measured on the assumption that promotional messages may be remembered later and may influence one’s purchase behavior. If a message is remembered, or generates knowledge about the sponsoring brand, it is regarded as effective. This knowledge may be a jingle, a tag line, the recognition of a product symbol, or merely brand-name recognition at the point of purchase. Semenik (2002) notes that “tests of recall and recognition are featured when knowledge generation is the marketer’s primary concern” (p. 518).

**2. Shape attitudes:** Attitudes can be influenced by what people both know and feel about a brand. Thus, marketers may view attitude shaping or attitude change as a key dimension for “assessing advertising effectiveness” (Semenik 2002, p. 519).

**3. Attach feelings and emotions:** Measures typically used to measure feelings and emotions allow brand managers to see the pattern of emotional reactions generated. Feelings are measured by paper-and-pencil measures to dial-turning devices where those receiving a message turn a dial in either a positive or negative direction to indicate their emotional response to the message (Semenik, 2002).



**4. Legitimize the brand:** In a resonance test, the goal is to determine to what extent the message resonates or rings true with target-audience members. For Semenik (2002), “this method fits well with consumer-experience research, and the questions become, ‘Does this message match consumers’ own experiences? Does it produce an affinity reaction? Do consumers who view it say, ‘Yeah, that’s right; I feel just like that’? Do consumers receive the message and make it their own?’” (p. 519). Semenik (2002) notes that for some authors “this is the direction in which message evaluation research needs to move” (p. 519). The assessment dimension here reflects the effectiveness of a message for legitimizing a brand within its target audience- “legitimizing in the sense that receivers embrace the message as meaningful and relevant to their view of the world” (Semenik, 2002, p. 519).

A further method, based on sponsorship audience, is proposed by Parker (1991), where he suggests two levels of audience, namely “*wider audiences*” and “*tightly specified audiences*” (p. 27) to conduct the measurement on.

**Wider audiences:** Parker (1991) suggests that to measure sponsorship awareness among wider target audiences, either a “*tracking study approach*” (p. 28) or an “*ad hoc dipstick approach*” can be used (p. 28). *Tracking approach* monitors performance over time and shows the build-up, peak, and decrease after the event. Tracking studies which monitor the market rather than just one brand have the additional benefit of making comparisons with other sponsors, and benchmarks to be set realistically for new entrants (Parker, 1991).

An *ad hoc dipstick approach*, on the other hand, takes measurements at specific intervals in time. Typically, a measurement would be taken before the event, one immediately after, and maybe one during. Parker (1991) points out that “although this method can be useful as an indication and tends to be cheaper, it lacks the sensitivity of the tracking approach” (p. 29). The reason for this is that the “sponsor cannot be sure his points of measurement hit the peaks and troughs, as desired” (Parker, 1991, p. 29). In addition, even more importantly, this approach misses the effects of performance decrease completely which can differ greatly with sponsorship (Parker, 1991).

On the other hand, measuring effectiveness among attendees requires a different technique, as the audience is present at the event site.

**Tightly specified audiences:** Parker (1991) indicates that “the yardstick for measurement of success often tends to be whether or not invited guests attended, talked to the salesforce, and seemed to be enjoying themselves” (p. 30).

When using this technique, research agencies conduct the measurement, among those who:

“Attended,  
Sent a substitute, and  
Sent an apology or excuse” (Parker, 1991, p. 30).

The reason for conducting this method among attendees and non-attendees is that people might be attending events for a variety of reasons. For example, in case of obligatory attendance, the objective of enhancing the company image may not be achieved since the attendees are not there because they desired to be. Consideration should also be given for those who attend various events throughout a year. This is important in revealing their opinions about the company, as they have the ability to make comparisons. Non-attendance is also significant, as the reasons for this need to be investigated. Finally, other sub-groups such as participants and staff might be considered as target markets for the sponsorship where telephone research or self-completion surveys may be used for measuring sponsorship effectiveness (Parker, 1991).

Messon and Tilson (cited in Abratt and Grobler, 1989) are other researchers who identify specific techniques for evaluating. Their technique includes:

1. “Extent of media coverage, number of program participants and sales volume increase,
2. Pre- and post-program awareness studies to determine the effects of their event on corporate image, product recognition and corporate objectives” (p. 353).

Referring to the multidimensional character of sponsorship, Mihalik (cited in Abratt and Grobler, 1989) argues that “in order to assess the program’s effectiveness as a public relations or marketing tool, a formal multiple technique evaluation program should be developed” (p. 354) which would include:

- “Cost accounting techniques (they should be prepared even if not required),
- Participating frequency counts per dollar spent,
- The number of complaints per program,
- Dollar equivalent of free advertising,
- Attitude surveys geared to program results,
- Pre- and post-contest surveys of attitudes towards the sponsor,
- Time-trend analyses of product awareness and image enhancement”.

Grohs *et al.* (2004) consider sponsorship measurement in terms assessing image transfer, as this is what the success of sponsorship depends on. In this regard, they identify two methods for assessing image transfer:

1. “The first procedure measures the *image of the sponsor* (the image dimensions the sponsor considers to be relevant) *before* and *after the sponsored event*. The change in image is then attributed to the sponsorship” (Grohs *et al.*, 2004, p. 124).

Grohs *et al.* (2004) identify a problem with this method; however. That is, the “before” measure of sponsor image might “sensitize respondents and distort their reaction to the experimental treatment (testing effect)” (p. 124). Also, most of the studies do not use adequate control groups to ensure that the image change is indeed accounted for by the sponsorship.

2. The other method proposed by Grohs *et al.* does not look at actual changes in sponsor image, instead, it examines the “*incremental effect event image has on sponsor image after the event*” (p. 125). However, this method also has the

drawback of ignoring “the more obvious predictors such as attitudes towards the sponsor before the event” (Grohs *et al.*, 2004, p. 125).

Ukman (cited in Abratt and Grobler, 1989), on the other hand, believes the best method to be used is to measure the “combination of the number of people reached on site and the amount of the cost that is self-liquidated” (p. 354).

On the other hand, Pham (cited in Cornwell and Maignan, 1998) rejects survey methods entirely “because of their inability to discern the confounding effects of advertising” (p. 14). He suggests that “only *experimental designs* allow for control of extraneous variables, and are thus able to assess the true impact of sponsorship” (cited in Cornwell and Maignan, 1998, p. 14).

Apart from the above, Abratt and Grobler (1989), develop a rather detailed model which measures sponsorship effects in phases. Even though provided for the purposes of sports sponsorship, the model they propose is noteworthy to examine, as it regards sponsorship measurement as an issue which needs to be considered from the initial phases of the sponsorship program, proposing a sequential guideline:

***“Step 1***

The starting point is the setting of objectives as there is no point in trying to proceed or even evaluate results unless measurable objectives are set. Ideally the bias should be towards quantifiable objectives, e.g., ‘Increase consumer awareness of product X among young professional male participants by 15 percent points’. Where management believes qualitative objectives are also important, e.g., ‘Improve company image or enhance goodwill’, they should make sure that these objectives are measurable.

***Step 2***

A specific person needs to be made responsible for the sports sponsorship evaluation. Since the various promotional mix elements are involved in sports sponsorship, assigning somebody from ‘marketing’ to be responsible for evaluation

where the sports sponsor has an internal marketing research department or has access to an external market researcher, close liaison between these people should be provided.

### ***Step 3***

This stage involves the decision as to which promotional mix elements are to be included. The list acts as a reminder of which elements to choose from. Once the elements have been identified, the initial objectives set can be categorized into each mix element.

### ***Step 4***

Once initial objectives have been categorized into mix elements, gaps can be identified, particularly in two areas. Firstly, in terms of relevance and measurement, and secondly, whether each mix element has specific objectives.

### ***Step 5***

The list indicates the time periods available for evaluation. The most comprehensive way is to evaluate over a period of time which implies a combination of the time periods. The important issues are that if only one period is chosen, it might be difficult to compare results whereas if a combination of periods is chosen, a benchmark or base data need to be established so that a meaningful comparison can be made.

### ***Step 6***

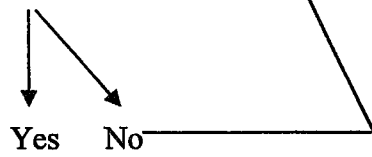
Since the relevant measurement technique is chosen, this is a very important part of the evaluation process.

### ***Step 7***

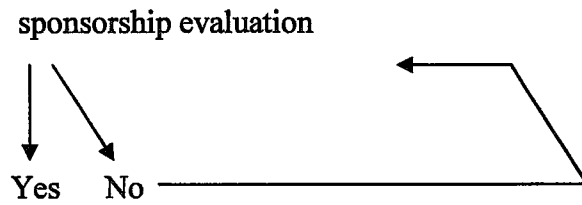
The final step is to compare the results obtained to the objectives set. If the performance meets or exceeds the standards set, then success has been achieved. If not, two things need to be reviewed: the objectives set and the measures used. The measurement techniques should be checked to ensure they did indeed obtain the

results given and whether they were the correct techniques to use” (Abratt and Grobler, 1989, pp. 359-361).

**Step 1 Set objectives**



**Step 2 Assign responsibility for sports sponsorship evaluation**

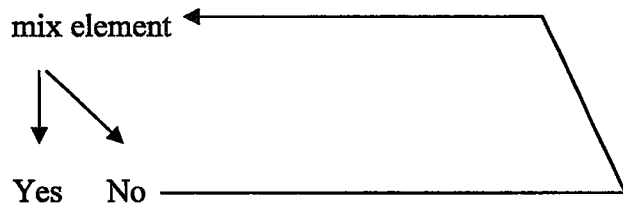


**Step 3 Decide under which promotional mix element sports sponsorship falls**

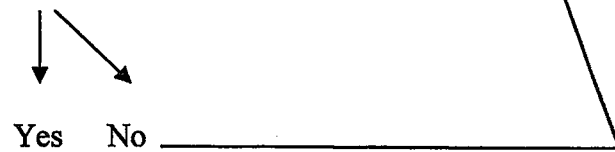


- |   |
|---|
| <p><i>List:</i><br/>         Advertising<br/>         Personal selling<br/>         Sales promotion<br/>         Publicity/PR</p> |
|---|

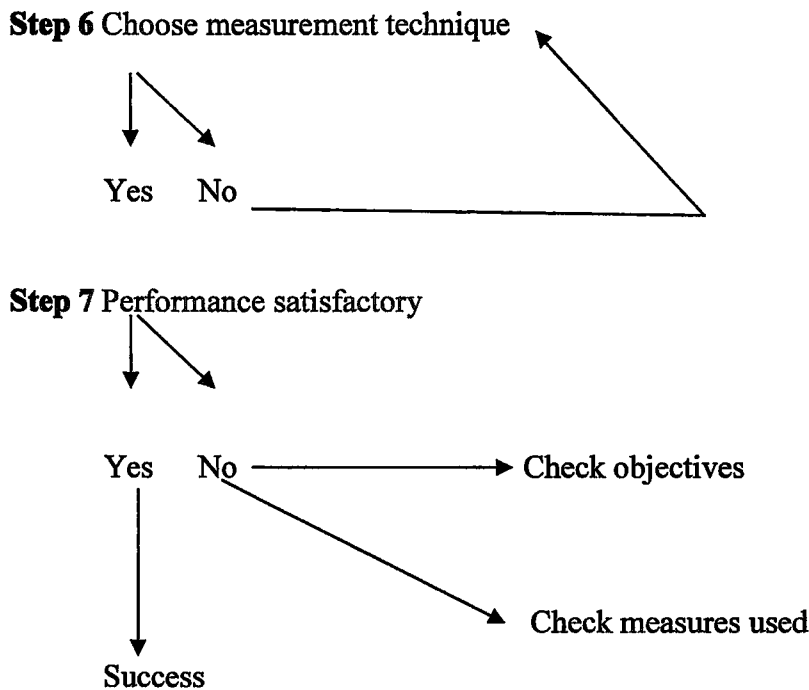
**Step 4 Set objectives for each promotional mix element**



**Step 5 Establish when to evaluate**



- |   |
|---|
| <p><i>List:</i><br/>         Before<br/>         During<br/>         After<br/>         Combination</p> |
|---|



**Figure 5.3** A framework for the evaluation of the effectiveness of sports sponsorship (Abratt and Grobler, 1989, p. 360).

Different from the above mentioned suggestions, Meenaghan (1991) considers the issue from a more global perspective which also shows the difficulty of sponsorship measurement:

“... In order to evaluate the success and effects of sponsorship activities, the organizations should look into the changes occurring in economic and perception-oriented targets. However, it should be noted that the reflections of sponsorship effects on economic and perceptive targets do not happen overnight. It takes time to create a positive image about the company” (p. 46).

When all the above suggestions for measuring sponsorship are considered, it is seen that although with slight differences, the methods used and suggested are similar to each other. However, despite these similarities, these methods have not been standardized yet. The main reason for this is that, as noted by Lee *et al.* (1997), “there is no one widely accepted definition of sponsorship to guide such research efforts” (p. 161). This means that, as mentioned earlier, the ambiguity and multifunctional/dimensional nature of



sponsorship which results in not being able to define it, also causes the same ambiguity in the measurement process. As shown by the findings of several scholars, conducting measurement is still at its early stages of development. Nevertheless, is improving due to the global appeal of sponsorship as a corporate communication tool. It is, naturally, not easy to conduct such research; however, it should be remembered that to demonstrate the commercial impact of sponsorship, valid measurement methods need to be established, or at least there needs to be attempts to measure its effects. Otherwise, the real added-value of sponsorship may not be understood which may also result in its underutilization/underestimation.

#### **5.4 Examples for Sponsorship Measurement Practices**

Even though there are different methods, it is useful to examine what kinds of measures are used by the businesses; as revealed by research conducted by several authors; as used by the sponsoring companies themselves; and as developed by tracking companies.

Studies by Hermans *et al.* (cited in Grohs *et al.*, 2004, pp. 119-120) suggest that managers use media coverage and exposure method for “approximately 70 percent of sponsorships”. Use of other evaluation tools to measure brand awareness due to a sponsorship is far less common, at a rate of between 20 and 30 percent. Comprehensive image studies are particularly rare except for large sports sponsorships with high sponsorship fees, such as the soccer World Cup or the Olympic Games.

Another study by Thjome *et al.* (cited in Grohs *et al.*, 2004) asked Norwegian firms directly “whether they used appropriate research methods to determine if they achieved their sponsorship goals” (pp. 119-120). The authors found that 76 firms that agreed with ‘We sponsor to increase awareness’; only 15.4 percent agreed with the statement ‘We study brand perceptions before and after sponsorship’. Of the 69 companies that agreed on ‘We sponsor to improve our image’, only 15.6 percent studied brand perceptions before and after the sponsorship.

In their survey of corporations engaged in sponsorship which was conducted in 1987, Gardner and Shuman (cited in Javalgi *et al.*, 1994) asked executives “how they measured success in achieving their sponsorship goals” (p. 48). Nearly half of the respondents admitted that they do not measure the outcomes of their sponsorship activities; only 17 percent said they use some form of audience response research. Of the firms that do measure success, 27 percent rely on market share or sales data to assess the success of their sponsorships; and nearly 10 percent of the industrial and commercial firms use such data to measure the outcome of what is essentially a communicative activity.

Despite the difficulties involved in measuring sponsorship, there are some companies which measure the effects of their sponsorships. One of them is *Los Angeles Cellular Telephone Company* (Kate, 1995). The company engages in sponsorship of pro sports teams, ski areas, concerts, and festivals, and claims “that every dollar spent on sponsorship in 1994 produced almost 87 in incremental sales” (Kate, 1995, p. 46). L.A. Cellular measures the effectiveness of its sponsorships by dividing the sponsorship cost by the number of new subscribers it can expect to gain from total attendance, and tries to spend no more than \$150 per new subscriber. An example is L.A. Cellular’s involvement with country music’s Fanfest ’94, which yielded 60 subscribers at a cost of \$83 per subscription (Kate, 1995).

Another company, measuring their sponsorship effects is *Frigidaire*, which used the following methods in the aftermath of a special event (Kendall, 1996, p. 276):

“... **Staff feedback** was used as a form of in-process evaluation. Biweekly task-force meetings permitted the ongoing evaluation of the project. This method was also employed after the special event took place and was very valuable in ‘winning over’ upper-level management, (diminishing their skepticism about using the subject event as a public relations campaign strategy).

**Media coverage** was gauged by observation including assessing the number of press corps attendees.

**A follow-up survey** went out a few weeks after the event; members of the ‘race committee’ called the participants to do short phone interviews to determine the

level of quality that the racers felt needed to be attained in order to attract some international riders.

***Contingency plans*** then helped to avert potentially negative feedback”.

Lack of interest coupled with the pressure to gain concrete commercial benefits led to the emergence of tracking companies in the United Kingdom and the United States which provide measurement services to sponsoring companies.

The best known measurement service in the field, especially in the United Kingdom, is the *RSL Sponsorship Tracking Study*. It “monitors the effectiveness of sponsorship every single week of the year and evaluates the performance of around 350 companies or brands on a spontaneous basis and 55 companies in considerable detail” (McDonald, 1991, p. 32). However, McDonald (1991) reports that “the measures used by RSL, at least in so far as they have been quoted in public, have not progressed beyond broad measures of awareness and favorability” (p. 32).

The *Yankelovich Agency’s Express Lifestyle Tracking* is a new service designed to help companies measure and evaluate the impact of sports and entertainment sponsorships. The system works “by distributing survey cards to event attendees to capture data about their behavior and attitude following the event” (Duncan, 2002, p. 646).

Nicholls *et al.* (1994) give the example of *John Hancock Financial Services* which used alternative measures “in the absence of external validity of sports advertising effectiveness” (p.35). As such, they measured the effectiveness of its bowl sponsorship by the number of stories and lineage in newspapers and magazines across the country. For the 1990 John Hancock Bowl, an American football collegiate championship, 21 binders of newspaper clippings were collected, whose value the insurance company estimated at over \$1 million advertising equivalence (Nicholls *et al.*, 1994).

*Events Marketing Research* of New York is another measurement company which “specializes in custom research projects that perform sales audits in event areas, participant exit surveys, and economic impact studies” (Belch and Belch, 1998, p. 589).

On the other hand, *Joyce Julius & Associates of Ann Arbor*, Michigan, “assigns a monetary value to the amount of exposure the sponsor receives during the event” (Belch and Belch, 1998, p. 589). It reviews broadcasts and adds up the number of seconds a sponsor’s product name or logo can be seen clearly (for example, on signs or shirts). A total of 30 seconds is considered the equivalent of a 30-second commercial. Nevertheless, as noted by Belch and Belch (1998) “such measures are of questionable validity” (p. 589).

*Performance Research* in Newport, Rhode Island, “measures impact on brand awareness and image shifts” (Belch and Belch, 1998, p. 589), whereas *PS Productions*, a Chicago-based research organization, provides clients with a “measure of event sponsorship based on increased sales” (Belch and Belch, 1998, p. 589). For example, in one case, PS calculated sales goals based on the cost of the event and the value of extras like donated media, customized displays, ads for key retailers, and tickets given away on the assumption that “an event is a success if it brings in at least that amount in additional sales” (Belch and Belch, 1998, p. 589).

In addition *Performance Research* provides companies with various measurement methods depending on the objective of the sponsorship program. For example, if the sponsorship program is intended to reach an on-site audience, then they think that it is useful to talk with the consumers when impact is the highest; to study television viewers of major sports events or conduct follow-up interviews with on-site attendees, telephone research to be used; qualitative focus groups are most helpful in understanding the dynamics between sponsorship and consumer behavior, and can be invaluable when testing a new sponsorship strategy and activations; the Internet cannot only provide a quick and unobtrusive way of collecting quantitative data, but also provides an ideal environment for new sponsorship concepts; observational research is done at the stands and in the stores so that sponsorship can be examined at first-hand, direct from the consumer’s vantage point.

So far, sponsorship has been analyzed as a concept in terms of its objectives, effects, and difficulties in its measurement along with some methods used and proposed, with specific examples from UK and US markets. In addition to these, it is also important to examine how sponsorship works/considered as a communications medium in the

Turkish market, considering its rapid growth. Thus, the following section aims to shed light on how sponsorship works in Turkey with specific concentration on its measurability based on the views of industry experts from a corporate communication perspective.



## **6. INSIGHTS OF TURKISH COMMUNICATION/PR PROFESSIONALS ON THE MEASURABILITY OF SPONSORSHIP EFFECTS**

### **6.1 Objectives**

The primary objective of this study is to collect qualitative data from communication professionals concerning the measurability of sponsorship effects in terms of the general practices valid particularly in Turkey in utilizing sponsorship as a method of corporate communication. Thus, rather than claiming to obtain results which can be generalized to practices of measurability as a whole, the study aims to obtain information in relation to a certain aspect, namely measurability of sponsorship as applied in Turkey by public relations agencies and corporates themselves. Using the in-depth interviewing method, the study seeks to explore the insights of communication professionals from a broad perspective due to the nature of sponsorship being a communication vehicle accommodating various other elements under its umbrella. The reason for the focus on collecting data from the communication professionals is that sponsorship is a method which can be understood in its full potential from the perspective of those who utilize it in their strategic communication campaigns or of those who give advice to sponsor/to be sponsor companies.

### **6.2 Methodology**

To serve the purpose of the study, in-depth interviewing is chosen as the research methodology due to its exploratory nature, offering the opportunity to “seek ‘deep’ information and knowledge- usually deeper information and knowledge than is sought in surveys, informal interviewing, or focus groups” (Johnson, 2002, p. 104). The main reason for using this method in this study is that measurability of sponsorship is an issue which does not have concrete, defined rules, regulations, or procedures. Therefore, insights of professionals as individuals become critically important to get a clear understanding of the subject, as the information obtained in the interviews “usually concerns very personal matters, such as an individual’s self, lived experience, values and decisions, occupational

ideology, cultural knowledge, or perspective” (Johnson, 2002, p. 104). Although in-depth interviewing is also used for checking out theories, or verifying knowledge, in this study it is used to “explore multiple meanings of or perspectives on some actions, events, or setting” (Johnson, 2002, p. 104), the action being the measurability of sponsorship in this case. Another reason for the use of this method is that views/real-life experiences on this issue have not been articulated by the parties involved in sponsorship business. For Johnson (2002), “in-depth interviewing begins with commonsense perceptions, explanations, and understandings of some lived cultural experience (which include scientific explanations) and aims to explore the contextual boundaries of that experience or perception, to uncover what is usually hidden from ordinary view or reflection or to penetrate to more reflective understandings about the nature of that experience” (p. 106). When the subject of measurability of sponsorship is considered within this framework, it requires to be investigated from a variety of perspectives to gain explicit understanding, which can be achieved via flexibility provided by the in-depth interviewing method.

For Johnson (2002), in-depth interviewing seeks “deep” information and understanding where the word *deep* has several meanings. First, “deep understandings are held by the real-life members of or participants in some every day activity, event, or place. The interviewer seeks to achieve the same deep level of knowledge and understanding as the members or participants. If the interviewer is not a current or former member or participant in what is being investigated, he or she might use in-depth interviewing as a way to learn the meanings of participants’ actions” (Johnson, 2002, p. 106). Secondly, “understandings go beyond commonsense explanations for and other understandings of some cultural form, activity, event, place, or artifact” (Johnson, 2002, p. 106). Thirdly, “deep understandings can reveal how our commonsense assumptions, practices, and ways of talking partly constitute our interests and how we understand them”, and fourthly, “deep understandings allow us to grasp and articulate the multiple views of, perspectives on, and meanings of some activity, event, place, or cultural object” (Johnson, 2002, pp. 106-107).

To this end, the questions are designed so as not to be specific, but rather open-ended allowing the interviewer to provide as much “deep” information as possible. Each question is designed to collect data on a different aspect of sponsorship which is



considered to have an impact on its measurability. Along with this, the questions are also designed in a way to be able to be categorized to organize the information gathered under broad headings which will in the end enable to draw a comprehensive conclusion based on various aspects. Although the respondents are posed questions, the aim of the questions is to introduce the broad topic and get the respondent to discuss it. That is, the questions serve the purpose of manipulating the respondent, thus preventing generalizations. Thus, there is no one single question seeking a single answer. Due to the nature of the methodology used and respondents- three of them being from agencies/consultancy firms and three of them being from corporates- even though seeking the same answer, question 1 and 3 are changed in a way relevant to the respondent being interviewed. That is, advisory firms were questioned in terms of the general practices prevalent in Turkey, whereas sponsoring firms were questioned in relation to their own sponsorship activities. The questions are as follows:

<b>Research Questions</b>	
<b>RQ1a</b>	What kind of sponsorship programs do you mostly prefer? ( <i>Corporate</i> ) <u>OR</u> What kind of sponsorship programs are mostly preferred in Turkey? ( <i>Agency</i> ) Why? Do you have any criteria to regard these sponsorships as successful?
<b>RQ1b</b>	Do you conduct a quantitative study in advance to identify sponsorship programs you engage in? ( <i>Corporate</i> ) <u>OR</u> Do companies conduct a quantitative study in advance to identify sponsorship programs they engage in? ( <i>Agency</i> )
<b>RQ2a</b>	Do you think sponsorship contributes to; i) reaching corporate goals, ii) reaching marketing goals, iii) media coverage, and iv) increasing sales?
<b>RQ2b</b>	Can you please specify those which you believe sponsorship does not contribute to?
<b>RQ3a</b>	Do you measure the effects of your sponsorship programs? If so, how do you measure them? ( <i>Corporate</i> ) <u>OR</u> Are the effects of sponsorship programs measured in Turkey? If so, how are they measured? ( <i>Agency</i> )
<b>RQ3b</b>	If not, can you specify the reasons for this?
<b>RQ4a</b>	Can a sponsorship program be measured against its objectives? If so, how can it be measured?
<b>RQ4b</b>	If not, why cannot it be measured?

**Table 6.2** Research questions

As regards the arrangement of appointments and settings of the interviews, a brief of the thesis was sent to the respondents via e-mail and then the appointments were arranged. The duration of the interviews ranged between 20-40 minutes. The interviews were conducted at the workplaces of the respondents. The interviews were also recorded with the exception of Respondent 4 due to the company restrictions on the part of the respondent. With respect to the execution of the interviews, in the introduction, the respondents were given a brief regarding the purpose of the research, why s/he has been chosen, and the expected duration of the interview. In addition, the answers of the respondents were also recorded to be analyzed in detail later, not to leave room for any misunderstandings or gaps. The recordings were then transcribed. Also, the respondents were told that the focus of the study was not exclusively the subject respondent but other respondents as well so that the whole picture could be drawn based on the answers provided, and that the name and the answers of the respondents would be kept confidential.

### **6.3 Sample Description**

Sponsorship is a communication tool which is related not only to those corporates that are engaged in sponsorship but also public relations agencies/communication consultancy firms that give advice to those corporates whether or not to undertake sponsorship programs, or conduct measurement on behalf of their clients. Therefore, the respondents are selected among acknowledged industry experts, to be a representative cross-section of the professionals involved in sponsorship business. In this regard, six respondents have been interviewed in this study, three of them being communication/PR professionals as advisors, and three of them being communication/marketing professionals as actors of sponsorship programs. Of the respondents, one is a corporate communication specialist at one of the main foreign holding companies in Turkey; one communication professional is the project manager at the department of corporate communication management at one of the major Turkish holding companies which has a reputation for engaging in diverse programs in all aspects of corporate communication, the other one is responsible for sponsorship programs again in one of the main Turkish holding companies, being one of the companies allocating large sums of money on sponsorship

programs. Among the other three respondents from PR/communication agencies, two of them are directors of the companies they represent, occupying the highest positions and the other one is an account executive in one of the major PR agencies in Turkey. As sponsorship is a communication tool utilizing PR, marketing, advertising, and other communication methods, the sample description in a way represents the variety of these communication tools from the real-life experience of those professionals in communication business.

Gender is also important in in-depth interviewing given that professionals in the communication business are mostly female. However, gender has not been a determinant in the analysis of the study, as consideration has been given to those professionals who are the major players in sponsorship business- both as actors and advisors- regardless of the gender.

The breakdown of respondents interviewed are as follows\*:

<b>Respondents</b>	<b>Professional position</b>
<b>R1</b>	Corporate communication specialist at a major foreign company
<b>R2</b>	Director of a communication consultancy firm
<b>R3</b>	Responsible for sponsorship programs in one of the major Turkish holding companies
<b>R4</b>	Project director at the Department of Corporate Communication Management at a major Turkish holding company
<b>R5</b>	Director of a major PR agency
<b>R6</b>	Account executive at a major PR agency

**Table 6.3** Sample description

\* The respondents are listed in chronological order of the interview made.

## 6.4 Analysis of the Data

Once the recordings are transcribed, the data then are organized by topic depending on the question being posed and coded into categories based on key points to make an analysis of the situation. In the coding process, sections of the data are related to the categories which have been developed in course of collecting the data. When the data are collected, then the whole data is searched to be set for the categories developed. Then comparisons are made between each category where similarities and discrepancies are discussed. When analyzing the data, as seen in almost all qualitative reports, sections of the transcriptions along with the interpretations are also provided.

The categories developed based on the data collected are as follows:

<b>Categories</b>	
<b>C1</b>	Types of sponsorship preferred, reasons and criteria for preference, measurement methods used in advance to identify a sponsorship program.
<b>C2</b>	Contribution of sponsorship to corporate goals, marketing goals, media coverage and sales.
<b>C3</b>	Measurement of sponsorship programs, techniques used, difficulties in measurement.
<b>C4</b>	Measurability of sponsorship programs, techniques, possible/potential difficulties in measurement.

**Table 6.4** Categories for analysis

## 6.5 Findings

### 6.5.1 Categorical Analysis

As mentioned above, the nature of in-depth interviewing does not provide definitive data, but rather provide insights in relation to the topic being questioned. So this has also been the case with the study being conducted.

For C1 (Category 1), R1 (Respondent 1) emphasized that, being the representative office of a foreign company, they are trying to engage in sponsorship programs which are in line with the policy of their headquarters, and also connected to their headquarters in some way. For this reason, they do not get involved in sponsorships which do not match with the concept and strategy of their company. For example, since they are a “strict environment-conscious” company, they do not sponsor programs such as Formula 1. As their company has various brands, they do not interfere with the sponsor programs their brands would prefer. R1 indicated that “their brands develop a concept in the country they operate, and sponsor events in line with what they want to emphasize as a brand”. Also, R1 emphasized the importance of “being a pioneer” in sponsorship, and stated that “they also prefer areas where not much has been done so far, and which would provide them to engage in community involvement”. Emphasizing the corporate nature of their company, as regards conducting a market research, R1 indicated that they do not carry out a market research before choosing a sponsorship or a social responsibility program. However, if they are really interested in a sponsorship program, they evaluated it on the basis of the following criteria:

“Are there any sponsors among competitors? If there are, what is the level of sponsorship? However, regardless of competitors being involved or not, we try to be the main sponsor. Another criterion is that we do not want to sponsor if another company has already sponsored such an event. We do not want to be either a follower or an imitator. We prefer to be a pioneer”.

Apart from the above, R1 also mentioned an important criterion for a corporate which is whether the sponsorship program provides opportunities in terms of “B2B” activities. This is crucial since the corporates themselves cannot sell products, or carry out other marketing activities. So, sponsorship has the capacity to provide them with opportunities in that respect. Another related issue to this is that, because of not addressing to the end-users, some corporates are not allowed to advertise. R1 stated that sponsorship also acts as a remedy to this restriction. Additionally, although the main focus of this thesis is event sponsorship, on the basis of the experience of R1, television sponsorship is worth mentioning. R1 underlined that television sponsorships where the name of the companies

are mentioned in the form of “presents” and “presented by” at the beginning and end of the programs respectively, do not provide the expected return to the company despite the “correct” choice of the program being sponsored. The reason for this, for R1, is that viewers start watching a program when it starts in the real sense, not when the sponsors are being mentioned in the beginning, and stop watching it when it has finished. That is, they do not pay attention to what is before or after the program, and prefer spending this time as a break or to zap. For this reason, for R1, to increase corporate awareness, it is more beneficial for a company to place advertisements in programs which address to a wide range of audience than sponsoring a program where the name of the company is only mentioned as “presents” and “presented by”.

Being the director of a communication consultancy company, different from R1, R2 looked at C1 from a broader perspective. R2 indicated that established corporates engage in sponsorship activities, in a way, according to their “sixth sense”. However, emphasized that the word “sixth sense” does not refer to the literal meaning of the word, but used in the sense of “experience accumulated over a period of time”. Besides this, some companies have identified certain areas of sponsorship, and sponsor activities only in these areas, and do not prefer getting involved in new areas. On the other hand, other medium-scale companies sponsor activities which R2 regarded as “superfluous” sponsorships. For R2, before sponsoring an event, these companies carry out a “cost-benefit calculation”. R2 explained that the reason for this is that these companies have limited budgets. Therefore, prior to sponsorship involvement, they make an “intuitional evaluation”, asking the questions “In order to add the highest value to my corporate reputation and product awareness, in which area should I spend my budget?” Similar to R1, R2 also stated that “he has never heard of a market research conducted prior to a sponsorship program”.

Among the corporate sponsorship respondents, reflections of R3, was particularly important as they are a part of one of the biggest holding companies in Turkey, sponsoring a wide range of activities in line with variety of brands under their umbrella. Another significant aspect of R3 is that they are not allowed to make advertisements of some of their products due to the nature of these products. Given this, R3 underlined that the reason for their preference of sponsorships is “not because they cannot advertise their products”:



“... We have started sponsoring long before the ban on advertising, and played the role of being a pioneer in that respect. Each of our brands sponsor an area related to its own identity. Therefore, our aim here is not to make our voice heard through sponsorships because we cannot advertise, but rather to get engaged in social responsible activities. That is, if you are a brand, involved in the society, there are areas where you provide support in terms of social responsibility. Also, if you want to establish a cozy relationship, or an interaction between the brand and the consumer, sponsorship is an important vehicle in this respect. Thus, we use sponsorship as a tool to reach the consumers”.

In terms of the criteria to select a sponsorship program, it was observed that R3 was of the same opinion with R1:

“The sponsorship we would be entering must be a first, fill a gap, and be able to be executed in Turkey general. These are the characteristics we pay attention to. These are also the factors which facilitate the perception of a sponsorship activity”.

On being asked if they conducted any kind of market research, R3 indicated that “they already have an in-house research unit”. Apart from the in-house research they conducted, they also worked in collaboration with other research agencies. Being an established company, and engaging in various areas sponsorship, the explanations of R3 reveal that the more a company gets involved in sponsorships in its “real” sense, not as “superfluous” as put by R2, the more time and money it spends on research:

“When we conduct research, either ourselves or through research agencies, we may either be looking at a certain area of sponsorship, like which area of sport is more liked, or which artist is more liked? These questions are included in most of the research we conduct regularly. Other than these, we also consider customer preferences which we receive via our website, portals, or consumer-line. We accept them as data, and take into consideration in our evaluation”.



Regarding the type of the research conducted, R3 stated that they can be in the form of questionnaire which are conducted more to explore the “lifestyle” of the respondents. This is also in line with the aim of modern sponsorship in communicating with the target audience, as it is used to enter into the lifestyles of consumers to increase more awareness by being in their lives.

In addition to the responses to the interview, R3 also provided a corporate company brochure distributed in-house, which included important insights about how sponsorship is seen at the highest executive level of the subject company. The company considers itself as a “volunteer sponsor of the daily life”. The words of the director of the company also summarize the aim of their sponsorships: “Every support made to sport or art will not only reach general public, but also return to the company”.

Representing another major Turkish holding company operating in various business lines, and investing large amounts of money on sponsorship, the responses of R4 for C1, were along the same lines with R3. In this respect, R4 indicated that working in cooperation with an agency, they conducted periodical quantitative and qualitative research for all brands of their company. In terms of sponsorship preferences, R4 emphasized that there is no specific area of sponsorship which they “would never consider to engage in”, and counted their sponsorship criteria as follows:

“We mainly look at the return on our investment, and the fitness of the sponsorship programs to our brands and marketing strategy, and to our budget, of course. However, in case of social sponsorships, we do not consider the return, instead, try to get involved in these kinds of sponsorships as much as we can”.

Being the director of a communication consultancy company and providing communication advisory services to one of the biggest Turkish companies which is the official sponsor of a wide range of activities in Turkey, reflections of R5, were particularly significant in terms of exploring the common practices in the Turkish market. As regards prior market research, R5 expressed that apart from a few companies, companies do not

conduct market research. They do not want to spend money on “things like measurement of image or perception”:

“At this point, we, in a way, take on the responsibility. That is, we explain our clients that ‘this is related to your area, this is an area where there is gap, this might provide high levels of return, we can manage this well, we think that such an activity has news value’. So we take our steps on these bases, and of course, at the end of the day, it is us, who seems to be taking on the responsibility. Of course, some of our clients do carry out research. It is not possible to generalize”.

R5 also mentioned the development of how sponsorship programs were selected in Turkey. Expressing deep concerns about the “decaying of concepts”, R5 emphasized that “sponsorship came to be regarded as a miracle formula which provides the highest return by minimum expenditure”, and added that “there might be times when it does so; however, there is no such formula”. In line with this approach to sponsorship, most sponsorship deals have been concluded at the “dinner tables with friends” without having regard for any criteria. For R5, the reason for this was that it was easy to earn money in Turkey before the economic crisis in 2001, and companies used engage in “extravagant” sponsorships to keep up their “fame”. However, this view has been changing recently, as the companies have come to, or are obliged to, control their expenditure.

Additionally, R5 indicated that more important than the above, “sponsorship is a win-win situation where both parties should benefit”:

“Before entering a sponsorship agreement, each party should clearly define where they stand. There has to be interest to the event, it has to be a good project, not one selected randomly, and has to fit the target audience.”

Another important aspect which R5 mentioned in sponsorship selection was the “organization structure of the companies”. This issue for R5 caused many “incorrect selections” of sponsorship programs:

“We come across weird situations. If it is marketing communications, it must be under the umbrella of marketing director or sales-marketing; if corporate communication, it has to be managed by the general manager, CEO or another executive. However, in most cases, it is either the sales or human resources people who make the first talks about a sponsorship program. They might be experts in their fields; however, since their criteria are totally different from those of a communication person, the sponsorships are most of the time failure in the end”.

Although R5, did not provide specific information on the preference of sponsorship, her insights were especially important in understanding “how things worked in the Turkish market” which, needless to say, gave us clues also about the selection criteria of the sponsoring companies.

The last respondent in C1, R6, from a PR agency made the same remark as R5. Regarding sponsorship preferences, R6, indicated that “in line with the trends throughout world, sports sponsorships are mostly preferred in Turkey”. This stems from the basic assumption, that is, “sport has the ability to reach wide range of audiences”: “Actually, sport reaches a wide range of audiences, and pushes these audiences to behave in a certain way (buying behavior)”. Similar to other consultancy-based respondents- R2 and R5- R6 also indicated that these preferences “were probably not based on research”.

Looking at the reflections of respondents in terms of C2, each respondent expressed different opinions depending on their area of operation, business line and company structure. In this respect, R1, from a corporate perspective, indicated that sponsorship added value “mainly to their media coverage”:

“We are a corporate company, so we do not sell any product nor provide any service, only say that we are here. Thus, we do not get involved in any marketing strategy”.

Agency-based R2, evaluated C2 in terms of the factors affecting decision-making mechanisms of the companies:

“It is difficult to tell exactly what sponsorship contributes to. In long-standing companies, when looked at the three generations managing the company, namely founders, bosses and professionals, it is seen that, for founders sponsorship is considered to have importance in terms of social benefits whereas for professionals market share or profitability of sponsorship is deemed more significant. This is what we feel”.

Sponsoring various events with different product lines, R3, emphasized that sales effects of sponsorship can be achieved on a “very very very long term” which is something related “to your favorability and reputation”. However, it does contribute to a “brand’s awareness, also helping development of brand loyalty”. R3 also added that sponsorship played a great role in improving their brand awareness. However, it is also the “result of other activities carried out in combination with sponsorship”.

Similar to R3, sponsoring different activities with various brands, R4, also expressed that sponsorship contributed to their sales, awareness and media coverage. However, this very much depended on the activity being sponsored.

R5, evaluated C2 from a different perspective, stating that companies should become more “conscious about the benefits of sponsorship”:

“Companies think sponsorship adds value to their awareness, media coverage, etc. However, they think it is something which happens overnight. There were even companies that engaged in sponsorship programs without signing an agreement.”

Another agency-based respondent, R6, considered the contributions of sponsorship from a broader perspective, under the umbrella of corporate communication:

“I believe that sponsorship contributes to a company in many aspects. In Turkey, sponsorship planning is generally not made according to corporate objectives. When considered outside Turkey, sponsorship can be regarded as one of the axes of

corporate goals”. R6 emphasized that “sponsorship is also related to marketing as a sub-title of corporate objectives”.

Furthermore, R6 mentioned another aspect of sponsorship when considering its contributions to various goals of a company:

“Sponsorship needs to be seen as a communication activity. Thus, if it is not communicated, it is impossible to reach the objectives desired, which provide the added value to the company. However, it is important to remember that sponsorship returns in terms of communication does not happen immediately”.

For R6, companies believe that sponsorship will also provide opportunities in terms of media coverage. However, this may not always be the case, as the agenda of the media, does not allow enough room for sponsorships. As regards, sales effects, like the other respondents, R6 was also of the opinion that sales effects of sponsorship is far less than its communication effects, and emphasized that until developing a “meaningful measurement system, it would be more reasonable to think that sponsorship contributes to the image and reputation of a firm, which might indirectly affect sales”.

C3 aims to explore whether respondents measured their sponsorship programs. The opinions again changed depending on the occupation of companies. Within this framework, R1 stated that they measured their sponsorship programs to find out the answer to the question of: “What is the equivalence of our investment in terms of media coverage?” In terms of specific expectations of return on sponsorship investment for R1:

“If, for instance, we spend €20,000 to a sponsorship program, the minimum return on investment should be €100,000. We cannot measure sales, since we do not claim to increase sales as a corporate. We have a communication strategy, not a marketing one. Thus, when we sponsor an activity, we look at the return in terms of the extent we have achieved to change people’s minds”.

While measuring the effects of sponsorship on image, R1 indicated that they do not carry out a desk research kind of work. Instead, they carry out “an image research each year” where they measure “social responsibility and sponsorship projects”:

“This research also sheds light in some respects, but we do it once a year, because it requires very high budgets, plus we have to make research about our brands, too. We conduct the research mainly in big cities. We measure the image of our company, and awareness of our sales lines. We also provide the respondents with certain discourse to measure how familiar they are with them and what is established in people’s minds”.

On C3, R2 did not provide a very detailed response, but only counted common practices in general. This may be due to the fact that they do not provide this kind of service to their clients:

“Post-research is done, for example, to see the media coverage following a sponsorship. Also recently, some models have been developed in terms of brand value and corporate reputation, where effects of sponsorships can be seen”.

Representing a big holding company, for C3, R3 indicated that they divided their sponsorships into two groups, namely “social responsibility activities” and “other activities like concerts”. For social responsibility activities, they prepared an “annual report” at the end of each activity, where they listed the results of the particular event. However, for other activities, they conducted more detailed measurement:

“Once the event is over, we receive a report measuring its media coverage, number of people attended, amount of turnover, opinions about the event, etc... We get media coverage reports both for social responsibility activities and other events. However, when there is an event in place, looking at the attendees, it is easier to measure the number of people it has reached.”

In line with the wide range of business lines they are operating in, and the sponsorships they are involved in, R4 provided the most diverse methods in measuring their sponsorship activities. However, the information provided by this respondent was limited due to confidentiality reasons. R4 also indicated that they did measure the effects of their sponsorship programs, and explained that they measured the event in various ways; looking at media coverage, conducting surveys at shopping malls to collect data about images of their brands in people's minds. The most important remark made by R4 in terms measuring was that they also calculated the advertising equivalence of an event on the basis of the media coverage they received. R4 also gave specific measurement techniques they used in the aftermath of a big event they sponsored in Turkey general:

“One of the co-sponsors was a website, so we measured the interest to the website after the event by counting the number of clicks the subject website received. Also, another sponsor was the credit card of a bank. Thus, we measured the increase in the number of sales of this credit card”.

As in other categories, R5 provided the most detailed information about measurement practices in Turkey. The techniques mentioned by R5 were on the basis of one of their clients to which they provided on-going communication advice, managing all their communication activities. Their client is also one of the biggest companies in Turkey, sponsoring many events and teams, as an official sponsor. In this regard, they evaluated sponsorship effects in terms of whether the event sponsored “had created an added value to the brand”, and measured this “looking at the media coverage by the end of the year”:

“When we evaluate the news in the media, we mainly look if the name of the sponsor, reason for sponsorship, or the connection of the sponsorship with the event is mentioned. That is, how big the news is and to what extent the sponsorship is mentioned in the news. For example, when you sponsor a motor sports event, the news then might be about one pilot in the whole event as it would be more appealing to the reader. We try to make a distinction in between these kinds of cases”.



The perspective put forward by R5 was important in the sense that different from the other respondents, it provided the PR perspective towards measurement, that is, considering sponsorship effects in terms of “news value”:

“Is the news big, is it under a photograph, is the name of our client mentioned in the headline? That is, how is the existence of our client in the event perceived? We also try to manage this, and give brief, explaining why our client is there as a sponsor. We also look at the monthly coverage of the event and also other market research conducted by our client on a monthly basis. Also, if the sponsorship is mentioned by a columnist who is not related to the field of the sponsorship, it is regarded as bringing a rather big plus value to our client. So, in the end, we put all these findings together and measure what return they have brought to the brand by the end of the year. This is the way we do our routine measurement”.

R5 also indicated that if an independent survey was done, for instance asking, “Which sponsors come to your mind in the cultural/arts sponsorship?”; and if one of their clients was mentioned as one of those, then they would regard themselves as “having executed a good communication campaign for that event”.

Being one of those rare agencies measuring sponsorship effects, R5 was also particularly asked to express her views about making a calculation to find out the advertising equivalence of media coverage in measuring sponsorship effects. Her reflections revealed that she was against using this method for measurement:

“We never do that in any respect. I am against this since the beginning. Not us but maybe our clients are doing such a calculation on the basis of the data we provide to them. We tell our clients that the news value we obtained is equal to this number of newspaper pages to give them a general idea. We never know if they multiply this number with US\$10,000, US\$100,000 or US\$2,000. I always believe that if a very popular columnist mentions an event in his/her column, this does not have a measurable monetary value because it is very difficult to make them write about it. That is, if that columnist mentions your project, the return you receive from it will

be more than you would get from a project of US\$3 million-5 million. It can provide value in terms of image or brand”.

On being asked about whether other techniques such as telephone interviewing to test recall were used, it was observed that R5 was of the same opinion with other respondents, indicating that “these things may happen but are very marginal, and are also very costly”. R5 continuously emphasized that the basic and most scientific data was the media coverage.

As regards the process followed in their measurement of the media coverage, R5 expressed that if there were also separate activities under the umbrella of big a project, they measured it separately. Then, measured the project again as a whole at the end of the year to draw the “general flow of the project- the peaks, falls, and new communication opportunities created”:

“We measure each event separately, and also as a whole, and in the end, tell our client that ‘this project brought reputation to you; though having a high media coverage, this project worked to your disadvantage, etc.’, and decide with which one to continue and which one to terminate, discussing with the client”.

Agency-based R6, was pessimistic about the measurement methods used currently, emphasizing that he did not believe that “valid and well-founded measurement methods were used in Turkey”. Although some research companies are working on this, he expressed his “doubts” about applying them in real life due to “not executing a sponsorship program on the basis of a strategic plan, but using traditional methods-i.e. personal relations between executives”:

“Traditionally, for companies manufacturing end-user products, telephone interviews and such feedback methods are used, and evaluated quantitatively. As there are no quantitative objectives set for callbacks, quantitative data are not helpful in the real sense”.

Coming to the final category, C4 can be regarded as the most significant one since it aims to explore the subjective reflections of the respondents towards the measurability of sponsorship as communication professionals, independent of the company/client they are representing.

In this respect, for R1, sponsorship effects can be measured if the sponsoring company is involved in a “sales line” kind of business. However, if it is a corporate company, it is “difficult to measure”: “It can absolutely be measured, but it is a matter of budget, and actually, I do not approve to spend large sums of money on it”. Apart from high levels of budget required, R1 also expressed her concerns about the “trustworthiness” of market research companies in Turkey. R1 emphasized that an “error margin” always needs to be taken into account “even for trustworthy companies”.

R2 considered the last category from a rather different perspective, defining two kinds of sponsorship projects in terms of measurability, namely “those that are used as successful sponsorship projects in terms of strategic communication” and “those we have never come to know about”:

“There might be cases where people may not want some of their actions to be included in communication activities; still reach their objectives. In this case, those actions should be regarded as successful, and do not require measurement. Another example, which is of course impossible to realize: a firm might be sponsoring the cleaning of a very well-known, landmark military building. Needless to say, the results of this project cannot be measured. However, there is no doubt that everybody will be aware of this sponsorship informally. In short, it is not correct to say that measurement is everything. Of course, it provides a great deal of support, acting as a driving force, but it is not the whole issue”.

Although for R2 achieving objectives were more important than measuring a sponsorship program, R2 also emphasized that “measurability of sponsorship is an area which needs to be improved”. R2 also made reference to “corporate reputation” where sponsorship played an important role:

“All these should be measured and put on the table. It is a very crucial issue, but not practiced sufficiently in Turkey. A rather broad approach is required for the subject of sponsorship”.

Among all the respondents, R3 was probably the most “positive” one in her opinions for C4. Expressing that sponsorship “*is*” measurable, she underlined the importance of “setting achievable objectives prior to sponsorship”:

“What am I expecting from this? I want to reach this number of audience. My brand awareness was at this level, and now I want to increase it to that level. I want to raise my reputation by this. These kinds of questions or statements will help measure the sponsorship”.

For R3, following these questions, using an “additional research and other methods, sponsorship definitely has to be measured”. The only area for R3 that might be difficult to measure would be “sales effects” as sponsorship has rather long-term effects on sales. Furthermore, R3 claimed that there was “no area of sponsorship which could not be measured, as there were then many methods in books regarding reputation quotient; there were research companies working on this that might measure, as well. Regarding the measurability of sponsorship as an activity accommodating various communication tools, R2 expressed that such activities might be measured as a “project, as it depended on whether communication professionals position them as a sponsorship or a project”.

Along the same lines with R3, expressing that “sponsorship could be measured in general”, R4 also emphasized the importance of “setting measurable objectives beforehand”, for the sponsoring company to see “what has increased or what has decreased following the event”. Another important issue mentioned by R4 was the “perception of sponsorship both by the sponsoring company and the advertiser”, as their understanding of sponsorship would be “producing higher rates of return”. In addition, R4 indicated that the most important question to be asked to get the expected return would be the question of, “How did you hear about this sponsorship?” which should be asked in a study to be carried out in collaboration with Customer Relations Management for it to be fruitful.

Speaking of experiences and common sponsorship practices in the Turkish market, for C4, R5 provided a rather comprehensive approach from a PR perspective. R5 emphasized that “there are certain aspects where sponsorship can be measured numerically. However, it can only be measured *approximately*”:

“For example, it has been one year since the project is over, if people can still link the project with the company with non-aided recall method, it means that project is contributing to that brand. At this point, there is no need for further measurement. Because, that brand has added something to that activity, and that activity has moved the brand from somewhere to somewhere else. For example, when you talk about IKSIV (Istanbul Culture and Art Foundation), in all activities Eczacıbaşı is the first company coming to people’s minds. Here, there is no need neither to say that these activities have created an added value worth US\$ 10- 12 million to Eczacıbaşı nor to measure the effects of these activities”.

For R5, another important aspect which would be effective in measurement was the “continuity of a sponsorship project and its relatedness with the content of the service or product the company is manufacturing”:

“There have been very big organizations in Turkey in the past where world-wide famous singers, such as Sting and Pavarotti, came to Turkey, but today no one would ever know who the sponsors were behind these organizations. So, it is useless to do that only as a one-off situation. However, if you bring famous singers every year and continue with that and create an expectation in people’s mind about bringing a more famous one every year, there is no need to look for further measurement for this. It *cannot be measured numerically*, but can be measured. When you put all the parameters together, and see that it has brought your company to somewhere else in terms of perception, this can be measured”.

Despite indicating “not believing that sponsorship can be measured much”, R5 emphasized the following:

*“We should be defending that it can be measured, at least we should settle it down as something which can be measured as a concept. I believe that no matter what it is, everything done provides an added value to the society on the way to improve it. However, this should not create an opportunity to gain unfair benefit for some. That’s how I want to see it. That’s why, I have to defend that it is something measurable”.*

For this last category, the viewpoint of R6 regarding the measurability of sponsorship was in fact like a summary of what has been said above:

*“Sponsorship objectives can only be measured only if they are well set along with a measurement method. In this respect, the most important thing is that *quantitative objectives should be set* and suitable research methods developed to match with these objectives”.*

Apart from their reflections about each category indicated above, during the course of the interviews, some of the interviewees also made reference to other aspects of sponsorship which are considered to be worth mentioning.

Being from a corporate background, R1 emphasized the importance of distinguishing between “corporate brands” and “sales line brands” where sponsorship activities are shaped according “communication strategy” and “marketing strategy” respectively, which shows that, when preferring a certain area of sponsorship and measuring its possible results, the nature of the sponsoring company plays a determinant role.

Similar to remarks made by R5 as a PR agency, R2 also made reference to the “continuity” of sponsorship. This statement of R2 summarizes the importance of continuity of sponsorship: “Business world is more prone to getting involved in such long-term sponsorships, as they see them as an investment”. Another commonality observed between R2 and R5 was their emphasis on “competency” and “trustworthiness” of the parties involved in sponsorship. In this respect, R2 indicated that, “All the parties engaged in



sponsorship projects must be competent in their fields, and also must be able to trust each other. That is, when gone away from the theoretical perspective, sponsorship is based on trust”. Similarly, R5 also mentioned the concept of “trust” commenting on the legal aspect of sponsorship. For R5, “sponsorship should be bound by an agreement where the party bringing up the project should be providing trust regarding its return on investment”. Another similarity was observed between R2 and R6 in terms of defining sponsorship. For R2, sponsorship is “the execution of public services in a more effective way via government’s transferring of a portion of its income to the private business sector”, likewise for R6, “sponsorship in essence is about managing material resources. That is, through transfer of some resources, it is the provision to realize certain activities which would otherwise be difficult”. Although not stating as explicit as R2, R6 looked at sponsorship from a similar perspective, underlining the “transfer of resources” which in fact is accumulated through tax exemption opportunity provided by sponsorship.

A final remark was made by R4, which emphasized the “questioning” of the sponsorship program following the event. For R4, “if a sponsorship is regarded as ‘successful’ after being measured, and the sponsoring company does not do anything to reach those that attended the event in the aftermath of measurement; the ‘success’ of the subject sponsorship may become trivial”.

### **6.5.2 Qualitative Analysis**

The categories developed on the basis of the four research questions provided results which revealed commonalties and discrepancies between respondents from different companies. In C1, in the preference of sponsorship programs, R1, R3 and R4, from companies sponsoring major events essentially said the same thing where “being a pioneer” appeared to be the common criterion in sponsorship preference. Similarly, the same respondents also expressed “social responsibility projects” as the common area of sponsorship to be involved in. This is in line with the rise of companies as “corporate citizens”, that is, giving back to the community. On the other hand, the other three respondents, from communication consultancy/PR agencies-R2, R5 and R6- expressed rather different views for C1. For R2, companies prefer only certain areas of sponsorships;



for R5, companies selected sponsorship on the basis of traditional methods; and for R6, companies preferred sport due to its appeal to a wide audience. The reason for the diversity of opinions among these respondents may stem from various factors. Firstly, as these companies give communication advice to sponsoring companies, they look at the issue from diverse perspectives, so instead of identifying a certain area of sponsorship, they- except for R6- tended to provide the context of the sponsorship market which actually was very indicative in understanding sponsorship selection. As regards conducting market research prior to sponsorship selection, all the respondents, apart from R3 and R4 indicated that no research was done before sponsoring an event/activity. Remark made by R2 probably summarized the common practice in Turkey which was “sixth sense accumulated through experience”. The reason for R3 and R4 carrying out market research lied in their company structure, in that they were representing two major Turkish holding companies, operating in different business lines, and engaging in various sponsorships in Turkey general. Thus, sponsorship is a crucial tool for them which they can use, in sales, marketing or in overall communication functions and which, needless to say, requires prior research to be inserted in various business areas.

With regards to C2, “brand awareness, brand loyalty, media coverage, and sales” appeared to be common objectives to be achieved through sponsorship as uttered by R1, R3, R4 and R5, where R3 emphasized that these objectives could be reached via use of other communication tools along with sponsorship, and sales objectives to be achieved in the long-run. The latter remark was also made by R6. R5 evaluated C2 from the reverse angle, stating that difficulty in measurement caused sponsorship objectives to be “vague”. The most interesting remark for this category came from R2 where the objective of sponsorship was considered to be “dependent on the generation managing the company”. Despite the other objectives which are similar to those mentioned in literature as common goals of sponsorship, in fact it was probably the comment of R2 which presented a more realistic picture of the current situation of the Turkish market.

In C3, R1, R3 and R4 expressed that they measured their sponsorship programs; and sponsorship programs were measured in general for R2, R5 and R6, where “media coverage and tracking measures” appeared to be the most common methods used.

However, there appeared differences in firms' utilization of these measures due to different occupations of each respondent. In the measurement process, the aspects measured were "image, awareness, sales, brand value and corporate reputation". Nevertheless, different from R1 and R3, R4 measured these dimensions within the framework of a general survey conducted annually whereas others conducted market research particularly designed to measure sponsorship effects. An important issue which has been the subject of debate among scholars came to be debated among professionals as well, which is the calculation of advertising equivalence of a sponsorship program on the basis of media coverage achieved. Although this was used as a technique by R4, R5 was totally against it, believing that measuring the "news value" of an event was the most scientific method. Also, R1 and R5 stated that the reason for not conducting market research is due to "high costs involved". When considered as a whole, even though the respondents represented only a very small number of the market, it is seen from their insights that, although with different methods- sponsorship effects are being measured in Turkey.

In the final category, R3, R4 and R6 made similar remarks, believing that all kinds of sponsorship can be measured "if measurable/quantitative objectives are set in advance so that the results can be checked against". Only R3 did mention sales effect to be difficult to measure due to its long term effects. R5 was also of the opinion that sponsorship could be measured, but not numerically. Yet, it has to be measured for accountability reasons. However, a common perspective put forward by two communication consultants, R2 and R5, was their emphasis on the achievement of objectives rather than measurement of effects. They both indicated that if objectives were met, "then measurement was not required, as it was not the whole issue". In C4, R1 expressed rather different viewpoints, indicating that sales line could be measured while corporate goals were difficult to measure. The two main obstacles as mentioned by R1 for measurement were "high levels of budget required" and "doubts about trustworthiness of the research companies in Turkey".

On the whole, it can be concluded that due to being open-ended, the categories set provided a wide range of information regarding the measurability of sponsorship, helping to evaluate its various dimensions. Although there were times where respondents

mentioned certain aspects which would be irrelevant to this study, they were very useful to get a deeper understanding of the Turkish market, serving the purposes of the research. Taking into account the reflections of the respondents, despite difficulties and lack of resources, it can be said that sponsorship measurement is practiced in the Turkish market even in a limited framework/environment. The approach of communication/PR professionals- R2, R5, and R6- seeing communication as a management function allowed them to provide responses where they addressed various dynamics in the decision-making process which is, no doubt, the starting point, leading to a constructive way in trying to establish a solid basis for measurability of sponsorship effects.

## **6.6 Limitations**

As with a study aiming to obtain “deep” information from major professionals within a market, this study is limited only to six professionals, reflecting those as actors of sponsorships and those providing professional communication advice to the actors. This aspect of the study required conducting the interviews with those professionals at executive levels which resulted in executing the interviews only with those to whom access was possible. Nevertheless, the respondents have been chosen among those which are major players in the market, and believed to be decision-makers/determinants in the sponsorship market, being considered as pioneers. A final limitation would be that since issues pertaining to sponsorship are most of the time discussed internally, and not announced to public for confidentiality reasons, some of the information provided by respondents might be regarded as “too general”, not providing specific information about the question being posed.

## **7. CONCLUSIONS**

Sponsorship has become an inevitable element of corporate communication, providing opportunities for companies to be a part of the daily lives of their target audience, thus integrating with them. It is also an alive way of expressing trust and goodwill in the eyes of the consumers, as it provides an environment to share social experiences. Besides, many corporations have come to include sponsorship in their global business plan as a door to open the path to gain entry into overseas markets, and getting access to the preferences of the local markets. Considering its possible benefits to sponsoring companies and high levels of expenditure to sponsorship programs, sponsorship can be regarded as the fastest-growing area of marketing which has proved itself to practitioners and scholars as a marketing communications activity capable of achieving broad corporate communication objectives using various leveraging tools to sustain competitive advantage in an era where differentiation has become the major criterion for consumer preference. However, it has not been used in its full potential due to being regarded as being less commercially profitable compared to other communication tools. The underlying reason for this is the lack of measurement methods to validate its effectiveness.

In this respect, the study showed that sponsorship is generally thought of producing outcomes such as awareness and image which are relatively difficult for the sponsor to observe. Therefore, one of the problems in analyzing sponsorship is the difficulty in evaluating its return on investment. The in-depth interviews revealed that firms often use exposure methods which are not the direct measures of specifically defined sponsorship effects, rather they can be regarded as measures of related elements which may have the ability to benefit the sponsoring firm. Therefore, the “results” obtained from these “indirect measures” cannot be used to judge the success of a sponsorship.

In this regard, the strongest managerial implication from this study is that, considering other supplementary tools used, it is not enough to consider only exposure methods when selecting and evaluating sponsorship. In line with the results of the study,

the following suggestions can be concluded, acting as initial guidelines to companies considering to engage in sponsorship programs who aim to obtain tangible returns:

- Depending on the type of the sponsorship program, from the very beginning it is important that the project is carried out by the relevant communication department within the company,
- The company should have a solid, overall communication goal to communicate its vision and mission,
- The sponsorship to be engaged in should be related to this objective so that a strong link can be established with the event sponsored and the company, leading to the transfer of the image desired,
- To establish this link, a pre-test to be conducted, through market research to test the fitness of the image and check its relevancy with the company,
- A legal sponsorship agreement to be drawn between the parties that are to be involved in the sponsorship,
- **Measurable objectives** in terms of what is expected from sponsorship are to be set for each promotional element to be used, **to obtain quantitative results** so that the expected tangible returns can be checked against,
- Even though the major sponsoring companies are reluctant to spend on measurement, sponsorship budget should be designed in a way to allow for simultaneous use of different measurement techniques depending on the type of the event so that the effects can be cross-checked,
- Suitable measurement methods (exposure, tracking, empirical, etc.) to be adopted depending on the event being sponsored. That is, various methods should be used in integration, and that sponsorship effects should not be based on a single method,
- The sponsoring companies should not expect that the effects would produce overnight benefits to their organizations.

On the whole, it becomes obvious that it is *possible* to explore and measure sponsorship effects and the benefits of measuring them, if companies are willing to evaluate, improve and fully exploit their sponsorship expenditure. “*Sponsorship has become a global tool in an age when the global village has become a reality*” (Dolphin, 2003, p. 184). Thus, the development of measuring mechanisms that demonstrate both the impact of sponsorship and the achievement of objectives become obligatory as without them the full legitimization of sponsorship as a corporate communication tool is hard to achieve.



## APPENDIX A: INFORMATION ON THE IN-DEPTH INTERVIEWS

<b>Respondents</b>	<b>Date</b>	<b>Time</b>	<b>Duration</b>
R1	December 24, 2004	09:00-09:40	40 minutes
R2	December 28, 2004	10:00-10:30	30 minutes
R3	December 28, 2004	14:00-14:30	30 minutes
R4	December 29, 2004	11:00-11:35	35 minutes
R5	January 3, 2005	17:00-17:40	40 minutes
R6	January 11, 2005	10:00-10:30	30 minutes





**APPENDIX B: *PERFORMANCE RESEARCH*- SAMPLES FROM SPONSORSHIP  
MEASUREMENT PROJECTS**



**SPONSORSHIP:** Major League Baseball

**CLIENT CATEGORY:** Soft drink

**PROBLEM:** Corporate sponsorships had been purchased in the past fifteen years at each available opportunity, with minimal regard for specific consumer need and interests in individual markets. Sponsorship fees were skyrocketing, yet there was a valid concern that the relevancy of the sport to the target market was waning, putting the cost/benefit ratio in serious question.

**METHODOLOGY:** Focus groups were conducted among baseball fans in multiple markets and quantitative on-site research was implemented at numerous MLB games.

**INITIAL FINDINGS:** Focus group research allowed the sponsor to prioritize the sports interests of the target market, identify emotional trigger points among consumers involved with baseball, and "pre-test" opportunities whereby a sponsor could provide a linkage between the brand, the sport, and the fans' needs and emotions. Perhaps most importantly, the sponsor realized that baseball is more appropriate as a site-based program rather than as a media sponsorship.

**ACTION TAKEN:** In cities where baseball was a low priority, low passion activity for consumers, contracts were let go. By cutting the overall fees paid to various rights holders, the sponsor was able to provide a deeper sponsorship commitment in those markets where baseball still generated a reasonable level of enthusiasm. The funds formerly spent in weak baseball markets were then directed toward implementing sponsorship activations that provided a high level of on-site entertainment, greater interaction with the consumer, and expanded opportunities for experimental branding.

**FOLLOW-UP RESEARCH:** To verify the impact of the newly designed sponsorship pilot programs, on-site quantitative research was conducted in those markets where the new sponsorship strategy was implemented. A battery of awareness, image, and brand consideration tests were conducted among fans entering the stadium (pre-exposure) and among fans exiting the stadium (post-exposure).

**RESULTS:** By examining the pre-to-post gains in image characteristics and brand consideration, the immediate impact of the new sponsorship program was verified. Moreover, by comparing different types of activations in separate markets, the most successful sponsorship tactics for Major League Baseball were identified and implemented where possible. Although baseball is still considered a viable opportunity for this sponsor, the company now approaches the sport on a market-by-market basis, and will only invest when the venue allows unique marketing opportunities beyond static signage. In terms of sponsor awareness, the sponsor has moved from a former background player to one of the most recognized sponsors, and has made significant gains in product image and intent to purchase among consumers in markets where the sponsorship format was changed.

**SPONSORSHIP:** Motorsports

**CLIENT CATEGORY:** Beer

**PROBLEM:** Corporate sponsorship by this company was spread between all major forms of motorsports, with major commitments to NASCAR, CART, NHRA, and Hydroplane racing. The sponsorships had been selected as "must do" activities, yet there was acknowledged sponsorship clutter within each sport, a possible lack of differentiation from competitors, and no conclusive evidence that marketing gains had been achieved with any one of these audiences.

**METHODOLOGY:** Quantitative pre-event and post-event on-site interviews were conducted at several races in each motorsports domain.

**INITIAL FINDINGS:** The research revealed striking differences between the sports, with significant marketing impact in one category (CART), marginal gains in two (NASCAR and NHRA), and virtually no impact in the final tested sport (hydroplane racing). In nearly all categories the sponsor was viewed as secondary to its major competitor, and lacking a clear brand message within the sponsorship program. Perhaps most importantly, the research indicated that the wrong brands were being assigned to motorsports programs.

**ACTION TAKEN:** Drastic changes were implemented to energize and redirect the motorsports campaign. A former two car program in NASCAR was consolidated into a single top rank team, with sponsorship now dedicated to an individual brand rather than operating under a corporate umbrella. Commitments in CART were increased and re-focused from several title race day sponsorships to a stronger driver/team program. Sponsorship in Hydroplane racing was withdrawn, as the sport was viewed as dominated by a major competitor and the benefits limited to one-day, one-market audiences; The savings in hydroplane racing were redirected to better leverage the remaining programs. Commitments in NHRA were reduced from a multi-car to one car campaign, with a new brand name attached to the sponsorship.

**FOLLOW-UP RESEARCH:** Subsequent quantitative research revealed marked gains in sponsorship awareness, image and brand consideration for those re-tested.

**RESULTS:** The redesign of the sponsorship portfolio produced a measurable increase in brand awareness, product trial, and a higher level of sustained brand loyalty.

**SPONSORSHIP: NASCAR**

**CLIENT CATEGORY:** Tractors and farm equipment

**PROBLEM:** As the leading U.S manufacturer of lawn tractors and farm equipment, the company was approached by a NASCAR team soliciting corporate sponsorship. After initially turning down the proposal, brand managers began to reconsider that the notorious brand of loyalty among NASCAR fans may be relevant to their own product category. Senior management, however, opposed the concept of a racing sponsorship, believing that involvement in the sport might degrade the top-of-the-line image of their products.

**METHODOLOGY:** Telephone interviews were conducted among three distinct audiences: (1) Potential product buyers who are NASCAR fans, (2) Potential product buyers who do not follow NASCAR, and (3) Lawn tractor distributors and retailers.

**INITIAL FINDINGS:** As expected, current NASCAR fans welcomed the concept of a new category sponsor into the sport, and the sponsor found an unusually high concentration of product line users within NASCAR. Moreover, the fans' feedback was instrumental in selecting the most appropriate driver/team to represent the product. Data collected among non-NASCAR fans disproved the theory that NASCAR would detract from the company's image, and actually served to indicate that NASCAR is widely respected, even among non-fans. Finally, research among dealers indicated that as a group, they felt the company had traditionally invested too little to market the product, and that any sponsorship would help energize sales, particularly to an increasingly younger consumer base.

**ACTION TAKEN:** The company negotiated a limited-term sponsorship of a Busch Grand National team, thus launching its first major commitment to a sports sponsorship.

**FOLLOW-UP RESEARCH:** On-site research among NASCAR fans at Busch Grand National races was implemented to test for sponsor awareness, brand value, and changes in consideration set.

**RESULTS:** The results indicated that an increased commitment to NASCAR provided a measurable return on investment, and the company now is title sponsor of a team in the Nextel Cup Series.

**SPONSORSHIP:** Sports arenas and entertainment venues

**CLIENT:** Soft drink

**PROBLEM:** As a sponsor with the majority of professional sports stadiums, arenas, and concert venues, there was a concern that the brand was being viewed only as a product to be bought at the event, rather than as an official sponsor.

**METHODOLOGY:** Using a single city as a model market, the sponsor implemented focus groups as well as quantitative on-site and telephone research among attendees at nearly all of the available sports, entertainment, and recreation venues, covering a wide range of events such as basketball, baseball, soccer, concerts, auto races, museums, theme parks, movie theaters, fairs and festivals.

**INITIAL FINDINGS:** Preliminary research confirmed that although the brand was associated with the sport or venue, the sponsor's presence was viewed as "wallpaper" - detracting rather than adding value to the event experience. More importantly, the company was viewed as supplier rather than a sponsor, and as unfairly profiting from the venue relationship by deliberately setting high prices for their product in a setting where there was no purchase alternative.

**ACTION TAKEN:** Recognizing a serious problem in sports sponsorships, the company's entire sponsorship strategy was changed to directly respond to the needs, desires, and emotions of core consumers. Sponsorships that could not add value to the entertainment experience were dropped, and the money saved was diverted to on-site activations where the sponsor could take a leading role in enriching the positive atmosphere of the fan experience.

**FOLLOW-UP RESEARCH:** New sponsorship activations were tested both quantitatively and qualitatively on a regular basis to determine relevance to consumers and resulting effects on brand image and purchase intent. In addition, a separate research project identifying product purchase costs and perceived value was implemented to search for opportunities to reduce the negative impact of inflated venue prices.

**RESULTS:** The sponsor has continued this research format (preliminary focus groups, re-design of the sponsorship, and quantitative testing of new programs) as contracts in all sponsorship areas are presented for renewal.

**SPONSORSHIP:** Concerts

**CLIENT CATEGORY:** Telecommunications

**PROBLEM:** The collect calling division of this telecommunications carrier was implementing sponsorships to reach young adult customers who are frequent collect call users. Sponsorships were viewed as potentially raising top-of-mind brand awareness and providing an added value to the customer.

**METHODOLOGY:** A two-phase methodology was implemented on-site at selected concert venues. First, an incidence tally of concert goers was taken to determine the percentage of fans falling within the target demographics, and more specifically, to determine the percentage who make collect calls. Secondly, pre and post surveys were implemented to determine incremental changes in brand awareness, brand image, and intent to use the carrier's service.

**INITIAL FINDINGS:** The concert environment (in general) was proven to provide a high concentration of product users. The sponsorship (and related promotions) were seen as providing meaningful benefits to consumers, who indicated that sponsorship may make a difference when selecting a collect calling company when all other factors are equal.

**ACTION TAKEN:** The sponsor utilized learnings developed from the first research study to extend their program into additional concerts and sports venues.

**FOLLOW UP RESEARCH:** Research was conducted in each new sponsorship domain to verify usage patterns, sponsor awareness, and participation in the sponsor's collect calling programs.

**RESULTS:** The strategy of niche sponsorships with a high density of target consumers was determined a success, and adopted for nearly all product categories within the organization.

**SPONSORSHIP:** The Olympic Games

**CLIENT CATEGORY:** Multiple

**PROBLEM:** Several clients of Performance Research had committed significant resources to buy the rights as official sponsors of both the 1994 Winter and 1996 Summer Olympics. As the Lillehammer Games approached, a consortium of sponsors jointly engaged in a research study to determine the value of the Olympic association to brand marketing, the appeal of Olympic advertising, the lift in top-of-mind brand awareness, and general brand loyalty toward Olympic sponsors.

**METHODOLOGY:** Telephone interviews of Olympic broadcast viewers for the Lillehammer Games were implemented two weeks prior to the Opening Ceremonies and again immediately following the Closing Ceremonies.

**INITIAL FINDINGS:** As expected, the typical clutter of Olympic advertising, promotions and contests produced a high level of confusion among consumers. While some TOP and USOC sponsors fared well, others generated little to no visibility. Of highest concern, however, was the level to which ambush sponsors (in particular Wendy's and American Express) out paced official sponsors McDonald's and Visa in terms of both sponsor recall and belief that these non-Olympic companies were doing more than many official sponsors to support the Olympic movement.

**ACTION TAKEN:** Research findings from Lillehammer resulted in a collaborative effort among sponsors, ACOG and the broadcast network to protect sponsors from parasite marketers during the Atlanta games. Fearing a repeat of what occurred in Lillehammer, both McDonald's and Coca-Cola purchased 100% of the inventory of broadcast advertising for their respective category. Most importantly, nearly all sponsors involved in the study implemented additional qualitative research to help develop integrated marketing programs that would be more relevant to their target market, touch upon emotional drivers, and help raise sponsor recognition above the commercial clutter.

**FOLLOW UP RESEARCH:** The same group of Olympic sponsors repeated consumer research for the Summer Games. Rather than relying on a simple pre/post format, research was started one year before the Opening Ceremonies, and continued for six more waves, including on-site and television viewer research each day of the Games. Data from both on-site and television audiences was processed daily so that clients could alter or refine promotional activities and be immediately aware of any consumer perception of competitor attempts at ambushing.

**RESULTS:** Despite criticism of commercial overload, the Atlanta Olympics resulted in an extremely low level of blatant ambush marketing. More importantly, the Games resulted in record levels of both sponsor awareness and consumer appreciation for those fully leveraging their Olympic association.



**SPONSORSHIP:** Snowboarding

**CLIENT CATEGORY:** Snack Food

**PROBLEM:** A search for edgy, active sports that attract the youth market yielded snowboarding as a potential sponsorship opportunity. Available, "pre-packaged" sponsorships, however, were scarce, and were limited to just a few single day events spread unevenly during a four-month winter season. It was thus concluded that the sponsor must design and create their own sponsorship program for this sport.

**METHODOLOGY:** Focus groups were conducted among both new and veteran snow boarders in several U.S. and Canadian markets, and quantitative on-site research was implemented at key resorts.

**INITIAL FINDINGS:** Focus groups revealed that snowboarders are considered "status leaders" among their peers, thus confirming them as an attractive target for product usage, particularly in teenage / young adult social settings. Other findings, however, revealed a marketing dilemma:

- Mountain resorts are seen as catering to skiers, yet skiers are considered pompous, conservative, and contemptuous toward boarders.
- Participants view their sport as anti establishment and perceive themselves as members of a separatist, radical "club"
- Big corporate brand names are viewed part of the establishment, and sponsorship is seen as "mainstreaming" the sport, making it even more popular among the dreaded skiers.

**ACTION TAKEN:** It was concluded that traditional sponsorships in snowboarding might actually weaken rather than bolster the brand positioning, yet the lack of commercial clutter and difficulty in reaching this market still made sponsorship a worthwhile pursuit. In response to snowboarder's needs and concerns, the sponsor built snowboarding "clubhouses" at several resorts. These clubhouses were stationed mid-mountain, and were reserved for snowboarders only. They were equipped with appropriate music, real-time videos of boarders, benches for watching other boarders, tools, and snack food vending machines.

**FOLLOW-UP RESEARCH:** To verify the impact of the snowboarding program on brand image and purchase intent, on-site quantitative research was conducted at several ski/snow boarding mountains. First, a simple record keeping of the number of participants entering the clubhouse, the average time spent in the facility, the activities engaged in, and the frequency of snack food purchase was recorded. Secondly, a pre-post methodology was used to measure incremental gains in specific product attributes and brand consideration, as well as solicit recommendations for improving the clubhouse design.

**RESULTS:** The quantitative research revealed that the clubhouse concept satisfied many needs of the snowboarders, supported their desire for segregation from skiers, and made a measurable difference in brand consideration. However, a detailed audit of the frequency and duration of exposure to the clubhouse revealed high visitation, but only among a small core group of boarders. Thus, because the sponsorship reach was too limited, the pilot programs were discontinued.

**(<http://www.performanceresearch.com>)**

**APPENDIX C: *PERFORMANCE RESEARCH* – IEG: “WHAT DO SPONSORS WANT?”- 2004**



A comprehensive study titled, "**What Sponsors Want?**" was conducted by Performance Research in conjunction with IEG, Inc. (International Events Group). The study was conducted in January and February 2004 where a total of 110 participants were contacted by Performance Research and asked to complete questionnaires about the sponsorship decision-making process. Respondents who were to be sponsorship decision-makers from small, medium, and large corporations worldwide, completed questionnaires in either hard copy or electronic format. Research objectives included, but were not limited to, determining the benefits and services that are most important to companies when making sponsorship decisions and estimating how companies are budgeting for measurement and activation.

The study produced significant results among which the main ones are as follows:

- **Primary properties sponsored are;**
  - sports (76%)
  - causes (37%)
  - arts (33%)
  - community (26%)
  - entertainment (8%)
  - business/on-line sponsorship (3%)
  
- **The companies choose property to sponsor through;**
  - setting strategy and seeking the right property (74%)
  - being approached directly by property owners (72%)
  - receiving details about property by a sales agency (19%)
  - consulting a sponsorship specialist to determine strategy (13%)
  - Promotional or advertising agency (7%)
  
- **Marketing communication channels the companies have used during the past 12 months to leverage their sponsorship programs;**
  - hospitality (77%)
  - internal communications (76%)
  - traditional advertising (73%)
  - public relations (71%)
  - Internet tie-ins (58%)
  - sales promotion offers (52%)
  - direct marketing (46%)
  - business-to-business (45%)
  - sampling on-site (37%)
  
- **Objectives rated as being most important to the companies' or their marketing teams' decisions when they evaluate which sports or properties to sponsor;**
  - create awareness / visibility (79%)
  - increase brand loyalty (71%)
  - change / reinforce image (71%)
  - drive retail / dealer traffic (52%)
  - stimulate sales / trial / usage (51%)

- **Information sought prior to sponsorship decision-making;**
  - demographics (94%)
  - attendance (79%)
  - fan passion / affinity (69%)
  - psychographics (64%)
  - growth trends in property category (59%)
  - what your competition sponsors (55%)
  - interest in property among trade / dealers (46%)
  - TV ratings (45%)
  
- **Types of analysis conducted to change or renew sponsorship;**
  - internal feedback (94%)
  - sales promotional bounceback measures (57%)
  - print media analysis (55%)
  - TV exposure analysis (51%)
  - dealer / trade response (47%)
  - primary consumer research (42%)
  - syndicated consumer research studies (20%)
  
- **Extent the companies depended on properties to measure ROI (Return on Investment);**

1 Not at all	15%
2	14%
3	14%
4	14%
5	15%
6	6%
7	7%
8	10%
9	6%
10 Completely	1%

- **The following proportions came out on being asked if the properties met their expectations in delivering ROI measurement or research information;**

Yes	33%
No	67%

**([www.sponsorship.com](http://www.sponsorship.com))**

**APPENDIX D: IEG (INTERNATIONAL EVENTS GROUP) VALUATION  
SERVICE BROCHURE**







IEG Valuation Service

# Justify Your Fees to Sponsors

IEG Valuation is the universal  
standard to determine the fair market  
value of any sponsorship.



"We fully accept  
IEC's Valuation methodology  
as authoritative  
for the entire industry."  
FIFA World Cup Soccer

"Using IEC Valuation  
Service in our annual renewal  
efforts we have realized a very  
significant return rate. Our partners—  
who are major national and international  
corporations—unanimously commented that  
they have never been presented with such  
a professional or comprehensive tool to  
quantify the benefits offered in  
a sponsorship program."

Peggy Gordon  
Vice President, Corporate Partnerships  
American College of  
Healthcare Executives



# IEG Valuation Service

When it comes to selling sponsorship, one of your biggest challenges is justifying your rights fee.

That's because, until now, there has been no industry standard for valuing sponsorship. No **industry-wide formula for pricing a property's tangible and intangible benefits** that a critical mass of sponsors endorses.

Lacking such measures, sponsors routinely question prices and counter with rock-bottom offers.

## An Objective, Universally Accepted Standard

IEG Valuation Service changes all this. It introduces an objective, universal standard—**sanctioned by more than 200 of the world's most active sponsors**—to determine the fair market value of any sponsorship package.

For sellers of sponsorship, IEG Valuation Service means no more uncertainties over price and **no more guessing what your property is worth**. IEG Valuation Service assesses the value of your sponsorship package and then documents findings in an easy-to-read, sponsor-friendly Valuation Statement™ that you include with your sponsor presentations and proposals. It gives you the confidence you need to go in and negotiate for your full/fair value.

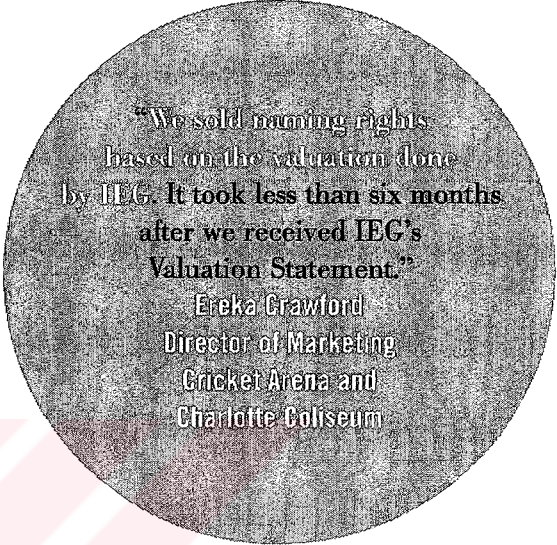
Including the Valuation Statement with your proposals **minimizes your sponsors' risk** by certifying that the fee you are asking is commensurate with the value of the benefits being offered. Just as bond issuers wouldn't consider going to market without a rating, IEG Valuation Service provides the **independent verification you need to realize your full market value**.

## Street-tested, Successfully Implemented

The methodology behind IEG Valuation Service has been successfully used by more than 600 properties and sponsors worldwide to appraise the value of sponsorship opportunities with sports, arts, entertainment, events, causes, professional associations and Web sites.

It has been street-tested by international rightsholders such as **Davis Cup** and **World Wildlife Fund**, national opportunities such as **American Diabetes Association** and **Joe Gibbs Racing**, as well as regional and local properties such as **Aspen Chamber Resort Association**, **Cherry Creek Arts Festival** and **Winnipeg Arena**.

Touring attractions such as **LPGA Tour** and **Vans Triple Crown Series** and permanent attractions such as **Walker Art Center** have used IEG Valuation methodology to set their fees. So have performing arts opportunities such as **Boys Choir of Harlem**, **Welsh National Opera** and **Shaw Festival Theatre**, participatory events such as **New York City Marathon**, plus venues, pro sports teams and leagues, festivals, municipalities and membership, professional associations, park districts, Web sites, theme parks and shopping malls of all sizes and from all corners of the globe including: Alamo Bowl, Calgary Zoo, Canadian Figure Skating Association, CART's Freightliner/G.I. Joe's 200, Cisco Systems Ottawa Bluesfest, FINA World Swimming Championships, German Equestrian Team, IAAF World championships, Indiana University Auditorium, Indianapolis Motor Speedway, Irish Basketball Association, NASA's Int'l Space Station, New York Yankees, PGA TOUR's Byron Nelson Classic, Puyallup Fair, Singapore Int'l Film Festival, Swiss Football Association and U.S. Naval Academy Alumni Association.



"We sold naming rights based on the valuation done by IEG. It took less than six months after we received IEG's Valuation Statement."

Erika Crawford  
Director of Marketing  
Cricket Arena and  
Charlotte Coliseum



# IEG Valuation Service Sponsor Endorsements

IEG Valuation Service has the endorsement of a critical mass of the country's most active sponsors, from local to global. These companies support our Service because it brings true accountability to sponsorship through an independent, third-party valuation. They will be looking for proposals that include the IEG Valuation Statement components include:

- Adidas
- Adidas Communications
- Adidas HealthCare
- Adidas West Region
- AlHHL
- Alpine Race
- America Online
- American West Airlines
- American General
- AMT
- Bank One
- BC TELIUS Communications
- Ball Outdoor
- Barry & Jeny's HomeMade, Inc.
- Black & Decker
- Brown Forman
- California Federal Bank
- Champion International
- Charles Schwab
- Cincinnati Bell
- Citibank
- Citizen Watch
- Compaq Hewlett
- Labatt
- Continental Airlines
- Countrywide Home Loans
- Credit Suisse First Boston
- Delta Air Lines
- Dole Food
- Dominick's Supermarkets
- Eps
- Delta Air Lines
- FedEx
- Fleet Financial Group
- Frodoz Sports
- Shell Oil
- Gatorade
- Ed. Joe's
- Cheyenne
- CIF
- Harley-Davidson
- Hokone Curtis
- Hiram Walker
- John Hancock
- John Paul Mitchell Systems
- JPMorgan Chase
- INC
- Kashi
- Kellogg's
- Land Rover
- Lucent Technologies
- MasterCard
- Mattel
- Mattel
- Movado
- Mrs. T's Provisions
- Nationwide Insurance
- Nissan
- Nokia
- Ocean Spray
- Panama Jack
- Family Fare/Quaker State
- Phillips Electronics Intl
- Pillsbury
- Postcard
- Procter & Gamble
- Rossignol
- Runner's World magazine
- SBC America Tech
- Sealy
- Sears
- Sege
- Sellco
- SNET
- Sonoma West Airlines
- Southwest Airlines
- Sprint
- Stetson
- Sullivan
- SunTrust Bank
- Texas
- Timberland
- Timex
- Tissot Watch
- T.T. Max/Marshall
- Toshiba
- Citibank
- Valkolinc
- Virgin Atlantic
- MasterCard
- Volkvo
- Warner-Lambert
- We Energies
- Western Union
- Winn-Dixie
- Wisconsin Blood Power Company
- WorldCom
- Wrangler
- Yamaha
- Zenith Electronics
- AT&T
- U S West

For a complete list of sponsors who endorse IEG Valuation Service, please contact IEG.

"By presenting proposals with IEG's pricing behind them, we had instant credibility and increased our sponsorship revenue 84 percent."  
Nancy Cohen  
Director, Convention Activities  
AARP

Shell Oil      Gatorade      Timex      WorldCom

INTERNATIONAL IEG VALUATION SERVICE CALL TOLL FREE 1-800-826-7630 (OUTSIDE U.S. AND CANADA) 212-941-1727



# How IEG Valuation Service Benefits You

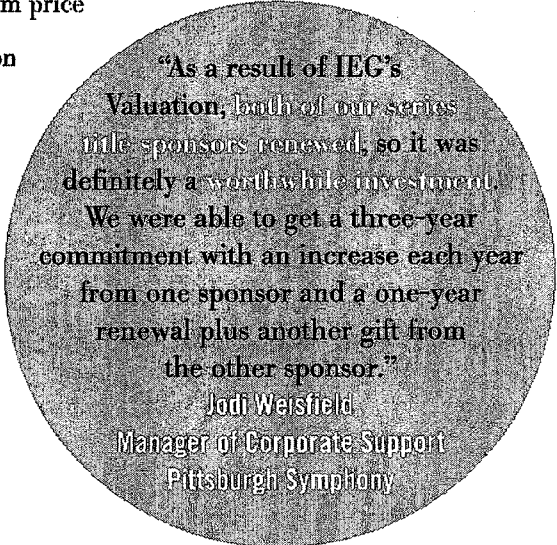
**1** **Validates your fee to sponsors.** Including the IEG Valuation Statement with your proposal gives sponsors the documentation they need to know that your fee reflects the benefits being offered. It also gives sponsors a document they can use to justify the investment internally with their higher-ups who may not understand sponsorship's value.

**2** **Addresses your sponsors' needs.** The IEG Valuation Statement is a powerful selling tool. It provides all of the essential data your prospects need to make their sponsorship decision, including facts, figures, charts and narrative relating to your qualitative, quantitative and geographic attributes.

**3** **Makes it easier for sponsors to say "yes."** The IEG Valuation Statement assures sponsors that they are not overpaying. By minimizing their investment risk, you make it easier for sponsors to accept your proposal.

**4** **Accounts for your qualitative benefits, which ad agencies typically discount.** The IEG Valuation Statement minimizes the need for sponsors to send your proposal to their ad agency for evaluation. This is important because most ad agencies only value impressions and completely discount valuable assets such as your imagery and audience loyalty.

**5** **Moves the focus of your pitch from price to content.** Going to market with a validated fee moves discussions away from price to the package of benefits you're offering. With the IEG Valuation Statement, you'll spend less time bargaining and more time building creative partnerships.



**"As a result of IEG's Valuation, both of our series title sponsors renewed, so it was definitely a worthwhile investment. We were able to get a three-year commitment with an increase each year from one sponsor and a one-year renewal plus another gift from the other sponsor."**

Jodi Weisfield  
Manager of Corporate Support  
Pittsburgh Symphony

"The Valuation Statement was one more piece of evidence to help make our case for an increase in the rights fee to our long-time sponsor. It provided an unbiased perspective for negotiations and placed a value on some of the components added since the original agreement was signed."

Stan Jarkin  
Marketing Director  
USA Luge

**6** **Upsells longtime sponsors.** Longtime sponsors often expect to pay the same fee year after year, despite the fact that you may have increased attendance or added benefits. Since your packages are valued annually, the IEG Valuation Statement accounts for what your property is worth today, not last year.

**7** **Helps you retain sponsors.** When your company contact leaves or is transferred, sponsorships often are the first thing to follow. The IEG Valuation Statement changes that scenario because it makes sponsorship's value immediately understandable to new players.

**8** **Identifies overlooked benefits.** The Valuation process, which includes a 15-page questionnaire identifying hundreds of potential benefits for your property type, can help you leverage assets you might have overlooked before.

**9** **Boosts your visibility.** IEG Valuation Service includes a feature on your property in *IEG's Valuation Update*, published regularly and distributed to more than 7,000 sponsors. You also receive a free link with a description of your property on IEG's Valuation Service Web site and your *IEG Sponsorship Sourcebook*/IEG SponsorDirect listing will include the Valuation Seal indicating you are an IEG Valued Property.

**10** **Enhances your credibility.** By displaying the IEG Valuation Seal issued with your Valuation Statement, you demonstrate to potential sponsors your commitment to ethical pricing standards and professional business practices.

# IEG Valuation Methodology

Each year, IEG surveys 3,000 sponsorship opportunities and audits more than 500 sponsorship programs and contracts. By analyzing patterns between the rights fees sponsors pay and the benefits they receive, IEG has codified values for the entire gamut of sponsorship benefits and established the proprietary formula for calculating sponsorship fees. To determine the value of your sponsorship, IEG assesses:

**Tangible benefits.** These are the quantitative benefits in a package, such as impressions in measured and non-measured media, program book advertising, televised signage, tickets and hospitality, on-site signage and sampling.

**Intangible benefits.** These are the qualitative benefits a sponsorship delivers, such as the level of audience loyalty, category exclusivity and recognizability/awareness of your marks and logos.

**Geographic reach/impact.** Reach reflects the size and value of the market(s) in which a property's marks and logos are usable and relevant at the point-of-sale.

**Cost/benefit ratio.** The lack of "make goods" and other guarantees means companies place a heavier burden on sponsorship than on other media. IEG has identified cost/benefit ratios by property type. You will have a certified Valuation Statement guaranteeing sponsors they are receiving at least \$1.50 worth of value for every \$1 they invest in your property.

**Price adjusters/market factors.** Recognizing that sponsorship fees are impacted by factors unique to each sponsor, such as competitiveness within a category, the number of categories a sponsor purchases, the length of a sponsor's commitment, and the current rights fee, the Valuation Statement identifies applicable price adjusters for your property, along with details on how much to modify the fee.

"When we present our sponsorship fee in conjunction with the IEG Valuation Statement we do not have to justify our sponsorship fee. In the past, companies would often try to negotiate a lower fee, now there's basically no discussion."

Nancy Stinson

Director, Corporate Development  
American Diabetes Association



# Information Included in the IEG Valuation Statement

Valid through December 30, 2004



## IEG Valuation Statement<sup>™</sup> SportsFest 2004 Official Sponsor Package

### Tangible Benefits<sup>1</sup>

Benefit Description	Amount in Package <sup>2</sup>
<b>Sponsor ID Visible/Audible on Event Broadcast<sup>3</sup></b>	
Stage Banner Visible to TV Viewers an Average of 3 Minutes	\$ 45,000 rate-card basis
<b>ID in Property's Media Buy<sup>4</sup></b>	
Print Media (80% in Times Journal, 20% in Daily Courier)	\$ 250,000 rate-card basis
Outdoor Billboards	\$ 25,000 rate-card basis
<b>Guaranteed ID in Non-measured Media<sup>5</sup></b>	
<b>On-Site Signage:</b>	
16 Screens, 4' x 2' Located Throughout the Site	400,000 Impressions <sup>6</sup>
10 30-Second Spots Per Day on Jumbo Screen Above Mainstage	320,000 viewers <sup>7</sup>
<b>Publications/Collateral Materials:</b>	
Front Cover of Program Book	500,000 circ.
Front Cover of Daily Program Insert, 10,000 Per Day	140,000 circ.
Official Event Posters	200,000 posters
Event Schedules, Back Panel	1,000,000 schedules
2' x 2' Space on Event Ticketbacks	400,000 tickets
<b>Sampling/Display</b>	
10' x 10' Exhibit Booth On-site	\$ 1,200 rate-card rate <sup>8</sup>
Right to Distribute Product at Entrance/Exit on the First Saturday and Sunday	60,000 attendees sampled <sup>9</sup>
<b>Tickets/Hospitality<sup>10</sup></b>	
20 Tickets Per Day @ \$7 Each	\$ 2,100 face value
20 VIP Tent Tickets	\$ 300 est. value
20 VIP Gift Packages (includes parking passes, concession vouchers, program books)	\$ 400 est. value
<b>Mailing List</b>	
Rent-free Use of Event Mailing List, Once Per Year	25,000 names <sup>11</sup>
<b>Guaranteed Visibility on sportsfest.com<sup>12</sup></b>	
Logo on Home Page Year-Round	
Link on Home Page to Co-branded Area on Sponsor's Web Site Year Titled Content Area with Link from Home Page Year Round <sup>13</sup>	
<b>Advertising in Measured Media<sup>14</sup></b>	
2 Broadcast Ads: Two 30-Second Spots Per Show	
Full-page, 4-color Ad in Program Book	
Rotating Banner Ad on sportsfest.com; minimum guarantee 100,000	

(See notes on following page)

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Tangible benefits in the package, with specific amounts and specifications for each, including:

- Amount of guaranteed media with sponsor ID
- Guaranteed non-measured media with sponsor ID (e.g., signage)
- On-site sampling (with number of days, location and distribution method)
- Online benefits
- Televised signage (length of on-camera, in-focus exposure)
- Tickets and hospitality package
- Mailing list (number of names and uses)

Explanations of values assigned to each tangible benefit are contained in the footnotes.

Valid through December 30, 2004



## IEG Valuation Statement<sup>™</sup> SportsFest 2004 Official Sponsor Package

### Deal Terms

- Right to use SportsFest's marks in advertising, packaging and promotions
- Designations: "Official/Proud Partner," "Official/Proud Sponsor," "Official Product/Service"
- Right to develop and use composite logo
- Right of first refusal
- Minimum contract term: 3 years

### Intangible Ranking

Criteria	Comments	Rank 1-10 (10 is highest)
Prestige of Property	Premier sports festival in the country; all major sports leagues participate	10
Recognizability/Awareness	Marks and logos change every year, but event is very well known	8
Category Exclusivity	Sponsor receives exclusivity in business category	10
Level of Audience Interest/Loyalty	Third-party research conducted at 2003 event found 60 percent of attendees could name one or more sponsors; 60 percent said the sponsorship would impact their purchasing decisions	7
Ability to Activate	Sponsor can tie purchase of its product to event ticket discounts; may conduct third-party promotions with approved retailers/dealers	10
Limited Degree of Sponsor Clutter	Each sponsor has proprietary program and area at event (see Chart H)	10
Non-ambushability of Property	Package does not extend to venue; competitor could buy time on TV broadcast (see Chart G)	7
Networking Opportunities	Blue-chip cosponsors for cross-promotions; sponsor workshops facilitate networking (see Chart E)	10
Media Coverage Potential	Number of media credentials issued, number and type of media coverage, etc.	10
Established Track Record	Consistent growth and success since 1985 (see Chart A)	10
		<b>Total 92</b>

### Geographic Reach and Impact

Scope	Description	Reach/Impact
Global	More than 150 countries	○
International	More than 75 countries	○
Multi-region	15 to 74 countries in multiple regions	○
Multi-country	2 to 14 countries	○
National	Events in at least 15 of the top 20 ADAs or nationally televised	○
Regional	Multiple markets within a region	○
Statewide	Multiple markets within a state	○
Local: Major Market	A market	●
Local: Minor Market	B or C market	○
Local: Minor Market	D or E market	○

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Ranking of intangibles, including:  
 Prestige of property  
 Recognizability/awareness  
 Category exclusivity  
 Level of audience interest/loyalty  
 Ability to activate (leveraging opportunities and restrictions)  
 Limited degree of clutter  
 Susceptibility of property to ambush  
 Networking opportunities with sponsors  
 Sponsorship worthiness  
 Established track record  
 Geographic reach/impact of property affects the number, size and value of market(s) in which a sponsor will promote the affiliation

FOR MORE INFORMATION ABOUT IEG VALUATION SERVICE, CALL TOLL-FREE 1-800-834-1850 | OUTSIDE U.S. AND CANADA 312/944-1727



Valid through December 30, 2004



**IEG Valuation Statement<sup>™</sup>**  
**SportsFest 2004 Official Sponsor Package**

**Cost/Benefit Ratio<sup>18</sup>**

Package	Ratio	SportsFest
Media-heavy Package	1 to 3	○
Standard Ratio	1 to 1.5	●

**Rights Fee**

Description	Amount
Face Value of Tangible and Intangible Benefits	\$199,500
Cost/Benefit Ratio	+ 1.5
Subtotal of Sponsor Benefits	\$133,000 <sup>19</sup>
Advertising Package	+ 17,000
<b>Official Sponsor Package</b>	<b>\$150,000</b>

**Price Adjusters to Rights Fee** Price adjusters are external factors that are not reflected in IEG's Valuation, but should be considered on a case-by-case basis. These factors may result in increasing or decreasing the rights fee.

Price Adjuster	Increase/Decrease	Explanation
Number of Saleable Categories Purchased	Increase depending on number of additional categories purchased	For example, if sponsor wants camera, as well as film category.
Introduction of New Cosponsor	Decrease by as much as 30 percent of the cosponsor fee	For example, if Pepsi brings in Frito-Lay
Value of Sponsor's Promotional Commitment	Decrease by as much as 10 percent of ad rate; credit can be capped at 10 percent of rights fee	If sponsor promotes property in \$50,000 worth of measured media, credit up to \$5,000

**Cost summary:**

- Value of tangible and intangible benefits
- Cost/benefit ratio
- Base fee

**Price adjusters for factors such as:**

- Number of saleable categories locked up
- Value of on-site sales rights

Valid through December 30, 2004

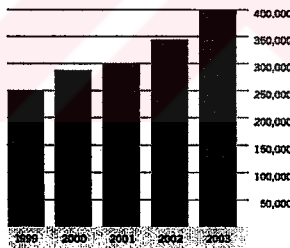


**IEG Valuation Statement<sup>™</sup>**  
**SportsFest 2004 Official Sponsor Package**

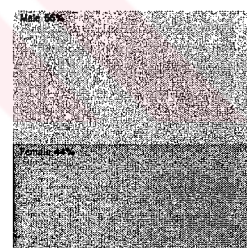
18 Cost/Benefit ratio reflects the burden of a case of SportsFest, even after discounting dollar spent on the rights fee, the sponsor pays.  
 19 This is the fair market value that this package determines if the opportunity meets their...

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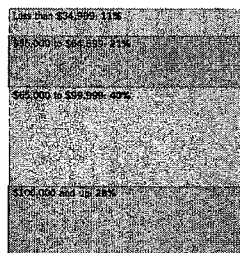
**Chart A: Five-year Attendance History**



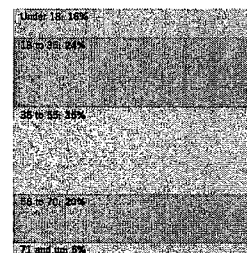
**Chart B: Attendance by Gender**



**Chart C: Annual Household Income**



**Chart D: Attendance by Age**



\*Source: Survey of 2003 SportsFest attendees conducted by Data Capture, Inc., Dallas

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- Related data impacting value.**  
 Depending on property type, Valuation Statements also will include:
- Average renewal rate by year
  - Attendance history
  - Demographics
  - Media and retail extensions
  - Type and frequency of sponsorship reporting



Valid through December 30, 2004



### IEG Valuation Statement<sup>™</sup> SportsFest 2004 Official Sponsor Package

Chart E: 2003 SportsFest Sponsors

Company	Official	Staffer
Bank One	<input checked="" type="radio"/>	<input type="radio"/>
Shell Oil <sup>®</sup>	<input checked="" type="radio"/>	<input type="radio"/>
Yukon Distributing (Breweries)	<input checked="" type="radio"/>	<input type="radio"/>
Coca-Cola USA (Sponsor)	<input checked="" type="radio"/>	<input type="radio"/>
Yess U.S.A.	<input checked="" type="radio"/>	<input type="radio"/>
MS&M <sup>®</sup>	<input checked="" type="radio"/>	<input type="radio"/>
Waste Management	<input type="radio"/>	<input checked="" type="radio"/>
Target	<input checked="" type="radio"/>	<input type="radio"/>
Nike	<input checked="" type="radio"/>	<input type="radio"/>
AFST	<input checked="" type="radio"/>	<input type="radio"/>
Times-Journal	<input checked="" type="radio"/>	<input type="radio"/>
Daily Courier	<input checked="" type="radio"/>	<input type="radio"/>

<sup>®</sup>Personal printing. Appearance expires after 2003 event.

Chart F: Sponsor Renewal Rate

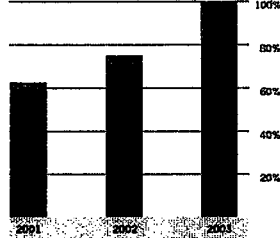


Chart G: Scope of Exclusivity

	Yes	No
Exclusivity Extends to Venue	<input type="radio"/>	<input checked="" type="radio"/>
Exclusivity Extends to Media Promotions	<input checked="" type="radio"/>	<input type="radio"/>
Exclusivity Extends to Program Book Ads	<input checked="" type="radio"/>	<input type="radio"/>
Exclusivity Extends to On-site Signage	<input checked="" type="radio"/>	<input type="radio"/>
First Option on Ad Time during TV Broadcast	<input type="radio"/>	<input checked="" type="radio"/>

Chart H: Summary of SportsFest Packages

Maximum Number of Title/Presenting Sponsors	0
Maximum Number of Official Sponsors	12
Maximum Number of Suppliers	4
Maximum Number of Promotional Partners <sup>20</sup>	0
Maximum Number of Companies with SportsFest Affiliations	16

<sup>20</sup> Promotional partners refers to non-sponsors that are also event sponsors.

#### Background on property and sponsorship packages, including:

- Attendance/members/donors/TV viewers
- Current sponsors
- Sponsor renewal rates
- Market(s) and dates
- Maximum number of sponsors at each level

Valid through December 30, 2004



### IEG Valuation Statement<sup>™</sup> SportsFest 2004 Official Sponsor Package

#### Verification Documents Received

IEG requires the valued property to provide detailed documentation and back-up.

Yes No N/A

- Financial statement
- Copies of all publications and collateral materials with sponsor logos, ads or editorial features (e.g., program books, schedules, news/letters)
- Media schedule and sample ads showing sponsor ID at each level
- Applicable rate cards (e.g., advertising, booth rentals)
- Survey results on audience demographics, sponsor acceptance/loyalty and recall
- Sponsor contract for each level being valued
- Details on TV package, including broadcast list by market, ratings and share, CP :30 and media affidavits (for televised properties only)
- Follow-up report given to last years' sponsors
- Restrictions on sponsor signage in host venue
- Agreements with broadcasters, venue, league and licensees that impact sponsors
- Press clippings

#### Certification

The contents and opinions contained in the Valuation Statement are based on the information furnished in writing by the property to IEG and upon IEG's experience in valuing properties, using proprietary formulas.

IEG, Inc. Signature	Title	Date

The rules and the procedures for reporting of pricing information are common to all statements issued by IEG.

Any use or reliance upon the information is at the risk of the individual(s) using or relying upon such information.

Sponsors are invited to call IEG with questions or to verify that this is a current, unaltered report. Tel: 1-800-834-4850 (outside the U.S., call 312/944-1727). To stay apprised of the latest developments in sponsorship valuation, sponsors are invited to call for a free subscription to IEG's Valuation Update<sup>™</sup>.

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Verification of documents received from property and certification of IEG's findings

## Frequently Asked Questions about IEG Valuation Service

**Question:** How can I receive a Valuation Statement?

**Answer:** You complete a detailed questionnaire tailored to your property type, along with an addendum for each package you want valued. For instance, you may have IEG value your title, official sponsor and supplier packages or just your title package. Upon completion of the Valuation (approximately 30 days after IEG receives all of your information), IEG will issue a signed and dated Valuation Statement and Seal.

**Question:** We don't have "standard" packages: Each proposal is customized to the prospect. What would you value?

**Answer:** Knowing that not every sponsor needs the same benefits, we have designed the Valuation service to allow for up to four variations per level at no additional fee. For example, we could develop a Valuation Statement for your official sponsor package reflecting the benefits you'd offer packaged-good marketers, then modify it to produce three additional Statements, one for auto and consumer durables, one for banks and service marketers and one for retailers.

**Question:** For how long is the Valuation Statement valid?

**Answer:** The Valuation Statement is good for one year: Valuation Statements are updated on an annual basis for a minimum of four years.

**Question:** Why is IEG Valuation Service designed as a four-year subscription?

**Answer:** Four years is the most efficient time frame for guaranteeing you accurate annual values while minimizing your costs. The value of most properties is not fixed over time, but tends to undergo change. Accounting for these changes on an annual basis and conducting a comprehensive analysis every fifth year keeps down your costs, ensures your values are current and provides continuity for your sales efforts.

"IEG Valuation Service is a valuable and highly effective resource. The IEG Valuation Statement helps to demonstrate the strong credibility that Vans Triple Crown Series has with the Gen Y market. It helps to show that what we do is real, translatable into dollars and cents value."

Mark Livingston  
Director, Strategic  
Alliances & Sponsorships  
Vans, Inc.



**Q**uestion: What about deals that last longer than one year, they don't need an annual Valuation?

**A**nswer: IEG can issue bi-annual or one-time Valuations for those packages and annual Valuations for packages you do sell annually.

**Q**uestion: What if sponsors have questions about my Valuation Statement?

**A**nswer: Sponsors may call a toll-free number printed on the Valuation Statement to speak directly to the project leader who managed your Valuation.

**Q**uestion: I already get the fees I ask for, so how can an IEG Valuation help me?

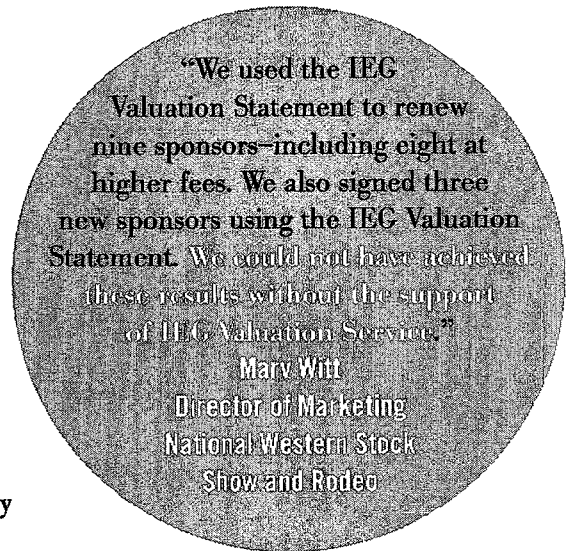
**A**nswer: First, companies of all sizes are demanding more accountability. The Valuation Statement provides the heightened level of detail sponsors require to justify their expenditure internally. Second, we often find properties are underselling their packages because they don't know how to account for intangible value.

**Q**uestion: Where can I use the IEG Valuation Seal?

**A**nswer: You can display the Seal on all of your collateral, such as your sponsorship brochures, and on proposals.

**Q**uestion: Who pays for the Valuation, the property or the sponsor?

**A**nswer: Just as magazine publishers pay for their BPA audit and bond issuers pay for their Moody's Rating, rightsholders pay IEG's fee.



## About IEG

IEG has been tracking developments in the highly specialized areas of sports, arts, entertainment and cause marketing for more than 20 years. **IEG is independent and objective**; we do not sell or represent any sponsorship opportunities. In 1984 we launched the first publication on sponsorship—*IEG Sponsorship Report*—which continues to define and shape the industry. We also publish the *IEG Sponsorship Sourcebook* and *IEG's Guide to Sponsorship*, and produce the internationally-renowned Event Marketing Conference, attended by more than 1,200 executives each year.

## IEG Valuation Service Reply Fax

To learn more about IEG Valuation Service, return the form below and an IEG Valuation Service project leader will contact you. Or call Laren Ukman at 1-800/834-4850 (outside the U.S. and Canada, call 312/944-1727).

Please copy and fax completed form to 312/458-7111 or mail to:

IEG Valuation Service, 640 North LaSalle, Suite 600, Chicago, Illinois 60610-3777 U.S.A.

tel: 1-800/834-4850 or 312/944-1727, e-mail: [ieg@sponsorship.com](mailto:ieg@sponsorship.com); Web site: [www.sponsorship.com](http://www.sponsorship.com)

Name		Title	
Personal Identification Code (see number to the right and above your name on the mailing envelope)			
Company			
Address/Suite			
City, State, Zip			Country
Area Code + Telephone Number	Fax	E-mail Address	



## Client Results

"The Valuation Service added credibility to my proposals and eliminated the need to justify rights fees for our Major Sponsor Program. It paid for itself within two months."

David Watt  
Marketing Director  
Marine Corps Marathon

Using the IEC Valuation Statement, we were able to renew a race title sponsor for three more years and increase the rights fee by 20 percent over the life of the deal. It was an invaluable resource that validated our pricing and allowed us to negotiate with confidence.

Fran Taylor  
Marketing Development Administrator  
Keeneland Race Track

The Valuation Service helped us sign two new sponsors. Our new corporate clients found the Valuation Statement useful in addition to the other materials we provide. They said it was good to have the backup for their corporate offices. In addition to having third-party documentation to provide our sponsors, the Valuation Service has also helped us become more aware of sponsors' needs and how they fit within the mission of our organization.

We're using what we learned through the Valuation process as a guide for establishing ROI, and sharing results with our sponsors.

Laurie Toups  
Associate Director  
French Quarter Festival

"We were definitely undervaluing our program and events. Our sponsorship revenue has increased two-fold and we were able to negotiate better terms by having a value in hand."

Tamara Krizek  
Manager, Marketing & Promotions  
Wildlife Conservation Society (The Bronx Zoo)

The reason we are so happy with the IEC Valuation is that now we are justified in our sponsorship fee structures. It takes a lot of heat off of our salespeople when they can show the valuation...it is concrete evidence from a third party to support our prices. We especially like the "price adjusters." Many potential sponsors just try to tack on another category for free...this definitely helps us out."

April Bauer  
Sponsorship Sales Manager  
Family Circle Cup

"We used to give away event sponsorships to our top advertisers as added-value benefits. IEC's Valuation Statements showed us that our events deliver significant value and could command fees on their own—on top of the ad buy. An IEC Valuation Statement makes the sales/renewal process much less labor intensive because not a lot of time is spent bickering over things like what the use of a logo is worth. Most of all, the advertiser isn't able to minimize that value. In fact, using IEC's Valuation Statement, we were able to renew one of our top sponsors for three years, with a rights fee increase of nearly 40 percent by the third year."

Jose Eskenazi  
Manager, Consumer Events  
Los Angeles Times

"The sport (NHRA) is growing and it is a challenge to convince sponsors of the current value. The IEC Valuation Statement helped our Primary Sponsor realize they are getting a bargain with this sponsorship and they now understand the return this investment brings. They have renewed for another term."

Jim Oberhofer  
General Manager  
Kalitta Motorsports





## IEG Valuation Service

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Web site: [www.sponsorship.com](http://www.sponsorship.com)

- IEG Sponsorship Report
- IEG's Guide to Sponsorship
- IEG Sponsorship Sourcebook
- IEG Sponsorship Contracts
- IEG Sponsordex
- IEG Event Marketing Conference
- IEG Sponsorship Seminar Series
- IEG Valuation Service
- IEG Consulting
- IEG Research

## **APPENDIX E: SPONSORSHIP LINKS AND RESOURCES**

[www.sponsorship.org](http://www.sponsorship.org)

[www.sponsorship.com](http://www.sponsorship.com)

[www.sponsorship-advice.org](http://www.sponsorship-advice.org)



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<http://www.performanceresearch.com>

<http://www.sponsorship.com>

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