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## Sponsorship - A Confirmed Weapon in the Promotional Armoury

*Abstract: Sponsorship's ability to help a company achieve its corporate and marketing objectives has enabled the communication tool to climb to the top of a marketer's promotional consideration set. This paper sets out to review the industry's current understanding of sponsorship as a promotional mechanism. As the medium's underlying principles are identified, marketing practitioners are provided with examples and strategic guidelines so that they are able to maximise their sponsorship investments.*

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### Executive Summary

Sponsorship gained popularity amongst marketers as an effective brand equity-building strategy following the staging of the 1984 Los Angeles Olympic Games. Over the last two decades, sponsorship has clearly outperformed other promotional tools in terms of growth. Through technological developments, sponsorship is able to deliver brand messages to a diverse number of audiences on a global scale. Consequently, sponsorship has become a prime vehicle for marketers to achieve their marketing objectives.

The importance of sponsorship marketing is typified by the medium's ever-increasing share of a company's marketing communications mix. From a marketing perspective, knowledge and expertise in sponsorship management is in demand as companies are increasingly being inundated with sponsorship proposals and the realisation of sponsorship as a potent brand-building tool. This paper reviews the extent to which the sponsorship industry has journeyed towards understanding its own mechanisms for success and sponsorship's role in the marketing mix. Marketing professionals who are contemplating the thought of associating

with a sports property or those marketers who are looking to extract additional value out of their current sponsorship arrangements will derive utility from the sponsorship theories outlined in this review. Furthermore, sports property owners may find this paper of interest as insights can be gained into key sponsor considerations which will help them in their efforts to secure vital sponsorship funds.

As sponsorship's underlying principles are identified throughout the paper, the implications for practitioners and standards of best practice are discussed. Sponsorship success is dependent upon whether sponsorship objectives were achieved. Thus, the formulation of objectives is very important as the post-sponsorship assessment is very difficult otherwise. To maximise sponsorship effectiveness, it is advised that sponsors leverage their investments with other elements of the communications mix such as advertising, public relations and sales promotion activities. By integrating sponsorship with other promotional tools, sponsors also minimise the threat of ambush marketing which aims to reduce the impact of sponsorship.



## Introduction

Sponsorship has the potential to become the marketing communication tool of the 21st century. This conjecture is not so hard to believe for those who have witnessed the proliferation of the sponsorship medium over the last two decades. Marketers now recognise sponsorship as an effective promotional alternative *vis-a-vis* other marketing communication tools.

The paper begins by articulating a working definition of sponsorship and outlining the medium's recent growth and future potential. The need to set sponsorship objectives and target specific audiences is detailed before explaining sponsorship's role in driving brand equity. Next, the distinction between sponsorship and advertising is made followed by the recommendation to leverage investments in order to achieve maximum effectiveness. This can be achieved by integrating sponsorship within both the communications and marketing mixes. By implementing an integrated approach to sponsorship investments, marketers also minimise the threat from competitors' ambush marketing tactics. Finally, two schools of thought of how sponsorship works are then presented before concluding with a brief summary of key concepts which have been outlined in this paper and future sponsorship developments.

## Definition

There are numerous events which companies can sponsor including arts, music, education, broadcasts and cause-related activities. However, empirical studies have found that sport is the most popular sponsorship medium (Witcher, Craigen, Culligan and Harvey, 1991; Shanklin and Kuzma, 1992; Suchard and Scott,

1992; Sunshine, Backman and Backman, 1995; Thwaites, Aguilar-Manjarrez and Kidd, 1998).

There is no single universally accepted definition of sponsorship. Numerous sponsorship definitions have been proposed which vary in breadth and scope. Some sponsorship definitions highlight the exploitable commercial potential of the activity (e.g. Meenaghan, 1991; Otker, 1988), whilst others emphasise the notions of exchange theory inherent in sponsorship (e.g. Sandler and Shani, 1989; Abratt, Clayton and Pitt, 1987). Despite a lack of uniformity in definition, there is general consensus that there are two underlying factors which characterise sponsorship:

- (a) it is utilised as a marketing tool or more specifically, a promotional instrument; and
- (b) it is undertaken by firms to extract commercial benefits.

With these two factors underpinning sponsorship, the following working definition has been developed for sports sponsorship:

***The provision of assistance by a commercial organisation (sponsor), in cash or kind, to a sports property (sponsee), in exchange for the rights to be associated with that sports property for the purpose of gaining commercial and economic advantage.***

There are two points worth further elaborating upon in the above definition. First, sponsor assistance may be given in the form of finance or by the provision of goods/services/expertise. Diverse manufacturer Pacific Dunlop exemplified the latter with its sponsorship of the



Sydney 2000 Olympics. In becoming a Team Millennium Olympic Partner, Pacific Dunlop agreed mainly to provide goods for Olympic participants. Pacific Dunlop's brands such as Sleepmaker, Bonds, Berlei and Ansell provided beds, casual clothing, underwear and condoms respectively to Olympic athletes and officials. Second, a sports property may consist of an individual, team, organisation, facility, championship or event.

### **Sponsorship Growth**

As corporations adjust to the 21st century, expenditure on sponsorship is likely to grow steadily as marketers realise that potential customers are increasingly indulging in leisure activities and entertainment. Throughout the last two decades, sponsorship has outperformed other marketing communication tools in terms of growth in many international markets. For example, sponsorship has exhibited a double-digit growth rate in the United States *vis-a-vis* other promotional tools since the early 1980s (International Event Group, 1997). The perpetual growth of sponsorship is likely to be maintained and fuelled by the continued restriction on tobacco and alcohol companies using mainstream advertising in many countries.

Phillips (1994) implies that sponsorship has the marketing potential to replace television as the pre-eminent medium for corporate promotion. This assertion is misleading given that television is quite often an important factor which makes sponsorship attractive to the corporate sector as a communication tool. Television drives sponsorship because it allows the sponsoring brand to gain exposure through signage or by advertising the sponsorship via television commercials. As sport has become a central element of an emerging global culture,

marketers have recognised sponsorship as an international communication tool of commerce (Wise and Miles, 1997) with the capability of providing a vehicle for firms to procure a sustainable competitive advantage (Amis, Pant and Slack, 1997). Farrelly and Quester (1997) go one step further and recommend that sponsorship will become the optimal positioning tool for international marketers seeking to communicate global messages.

The growth of sponsorship has also led many companies to develop and implement various sponsorship management frameworks which are characterised by systematic selection and evaluation methodologies. Like other marketing communication tools, sponsorship in the 1990s slid under the microscope predominantly due to the increased assessment of expenditure accountability by shareholders, and the focus on cost-cutting activities and the bottom line.

The days of ostentatious sponsorship expenditures are long gone, replaced by sponsorship proposals having to meet specified criteria before they are selected. This is otherwise known as a commercially rational management approach to sponsorship (Grimes and Meenaghan, 1998). Such a process allows for the formulation of carefully defined sponsorship objectives which are compatible with a firm's marketing strategy, thereby enhancing the sponsorship's impact on the company's overall marketing effort. For instance, Coca-Cola's long-term involvement with the Olympic Games is evidence of the firm's integration of Olympic sponsorship into its long-term marketing strategy (Farrell and Frame, 1997). Sponsorship is increasingly employing sophisticated analysis, planning, evaluation and control systems to underlie an objective management framework (Thwaites, 1993). Consequently, the incidence



of sponsorship being undertaken because the chief decision-maker has a keen interest in the sports property (otherwise known as the "chairman's prerogative") has decreased substantially over the years.

### **Sponsorship Objectives**

All promotional tools employed by marketers should be utilised with the aim of achieving set objectives. The medium of sponsorship is no exception. The setting of objectives enables the sponsoring company to undertake a post-evaluation of the sponsorship in accordance with these objectives, thus creating effective management of sponsorship via tangible evidence of their investment.

Irwin and Asimakopoulos (1992) summarise broad sponsorship objectives as either corporate or product/brand-related:

#### **A. Corporation-related Objectives**

1. Increase Public Awareness of the Company and its Services;
2. Enhance Company Image;
3. Alter Public Perception;
4. Increase Community Involvement;
5. Build Business/Trade Relations and Goodwill; and
6. Enhance Staff/Employees' Relations and Motivation.

#### **B. Product/Brand-related Objectives**

1. Increase Target Market Awareness;
2. Identify/Build Image within Target Market (Positioning);
3. Increase Sales and Market Share; and
4. Block/Pre-empt Competition.

Two primary reasons why companies undertake sponsorship is to promote communication

objectives of brand awareness and corporate/brand image. Numerous studies have confirmed that the objectives of creating/improving brand awareness and changing/enhancing brand image are two of the most important reasons why companies participate in sponsorships (e.g. Irwin and Sutton, 1994; Cornwell, 1995).

#### **Marketing Practitioner Implications**

The absence of clearly-defined sponsorship objectives is the first sign of a sponsorship investment lacking in proper articulation. Without setting sponsorship objectives, how does a marketer know whether the monies invested in the sponsorship were worth it? By having measurable objectives, this problem is overcome and any questioning of the sponsorship investment from within the organisation is readily justified. Thus, the decision to renew or not to renew a sponsorship contract becomes an easier one.

Not only should sponsorship objectives be set, but they should also be quantified where possible. Setting an objective of increasing brand awareness is still too loosely defined, although it is still better than having no sponsorship objective. Best practice sponsorship management would not only have this brand awareness objective quantified, but also targeted at a specific audience within a particular time period. For example, increase brand awareness of 18- to 24-year-olds from 25 per cent to 45 per cent over the next four months. Thus, when applicable, a well-articulated sponsorship objective will contain four components:

1. Directional marketing variable (e.g. increase brand awareness);
2. Specified target audience (e.g. general public);



3. Time period (e.g. 3 months); and
4. Measurable quantity (e.g. 12.5 per cent to 14 per cent share points)

It should be noted that certain objectives may not contain all of the above components as they are aligned to marketing communication objectives. It is essential for marketers to set sponsorship objectives so that companies can measure and quantify returns on their investments.

### **Sponsorship Targeting**

Abratt *et al.* (1987) and Polonsky, Sandler, Casey, Murphy, Portelli and Van Velzen (1996) advocate that sport is popular as a sponsorship activity amongst corporations because it provides them with access to two potential markets: the participants and the spectators. Assuming their definition of spectators consist of those people in attendance at the event, this is a short-sighted view because a closer examination of sponsorship as a promotional medium will reveal a third market dimension: viewers through the media. This latter audience, also known as the external audience, is accessible to the sponsor through television and radio broadcasts, print media and the Internet.

Through the advent of telecommunications and broadcast media (e.g. satellite transmission and cable television), companies can communicate their message through the medium of sponsorship to a global audience, thereby, giving them access to larger and more diverse audiences than ever before. Crowley (1991) identified that the sponsorship audience comprises of eight distinct target groups:

- i. Existing customers;
- ii. Potential customers;
- iii. Suppliers;
- iv. Workforce;
- v. General public;
- vi. Local community;
- vii. Business community/key decision makers; and
- viii. Shareholders.

Target groups excluded from the above list, but addressed in other studies (e.g. Parker, 1991; Thwaites, 1995) include distributors and the government. Figure 1 illustrates the various target markets a sponsorship can impact upon. In addition to the above target groups, the diagram incorporates competitors, since a sponsorship might be undertaken in order to preempt competition. It would be worthwhile to undertake future research pertaining to the effect of sponsorship upon each of these target markets. In surveying 70 senior marketing executives, Crowley (1991) discovered that the customer-oriented target group (i.e. existing customers and potential customers) was clearly identified as the most important group to which sponsorships were targeted. Later studies confirmed these results (Thwaites, 1995; Thwaites *et al.*, 1998).

According to Cornwell (1995), effective targeting of the above audiences requires the firm to be cognisant of the multiple audiences which the sponsorship may impact upon and target groups should be prioritised in accordance with sponsorship objectives.

### **Marketing Practitioner Implications**

In order to fully maximise a sponsorship investment, the marketer must be clear in his/her mind which target market the sponsorship is intended for. Different audiences will require an alternative set of objectives. The objectives of a sponsorship targeting the general public will be

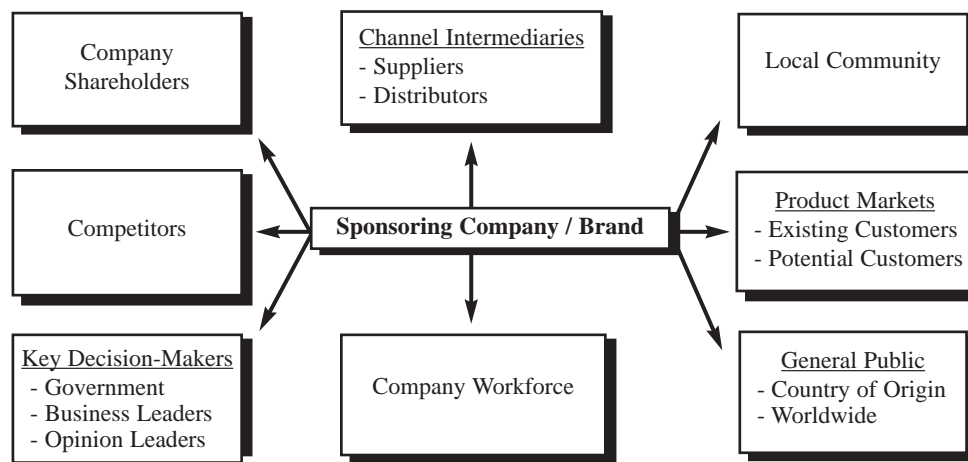


Figure 1.  
Accessible Target  
Groups Through  
Sponsorship

quite different from those of a sponsorship targeting channel intermediaries (i.e. suppliers and distributors) or a company's workforce.

A company targeting the general public with its sponsorship investment usually formulates objectives revolving around marketing communication variables such as improving brand awareness, altering perceptions and enhancing the image of a brand or company. Conversely, a sponsorship targeting suppliers may entail an objective such as solidifying supplier relationships through corporate hospitality in an effort to purchase future raw materials at a better price. A sponsorship targeting distributors may be underpinned by a corporate agenda to generate better trading terms or motivate corporate partners to "push" the company's products in the marketplace.

Additionally, a sponsorship targeting a company's workforce may be undertaken to motivate departmental staff so that productivity levels are increased. For example, a major objective of airline Ansett Australia's sponsorship of the Sydney 2000 Olympics was to build the morale and pro-

ductivity levels of its staff. The company implemented a 12-month internal incentive programme which included staff receiving limited-edition Olympic merchandise, exclusive spots in the Olympic Torch Relay and Olympic hospitality packages (Thompson, 1999).

As previously stated, the objectives outlined above should be further broken down so that they can be clearly measured in the post-sponsorship period. There are also many sponsorships which aim to impact upon multiple audiences. This requires the sponsorship custodian to manage a number of target audiences simultaneously and accordingly should set separate objectives for each target market. Achievement of objectives will ensure that the sponsorship investment contributes to driving the sponsoring brand's equity.

### **Sponsorship: A Driver of Brand Equity**

Not only are brand awareness and brand image important sponsorship objectives, but both are also key determinants of customer-based brand equity. This customer-centred stance upon the



brand equity construct is justified, given that a company may attempt to augment a brand in the marketplace via the manipulation of variables which affect brand positioning, attitudes, associations and imagery: however, it is consumers who ultimately decide the success of the company's branding efforts.

Keller (1993: 2) defines customer-based brand equity as:

***"The differential effect of brand knowledge on consumer response to the marketing of the brand".***

Brand knowledge is conceptualised as an alignment to an associative memory network in terms of brand awareness and brand image. As a new competitive environment is emerging characterised by decreasing product divergence, increasing media costs and the integration of markets (Urde, 1994), the importance of brand equity or brand building activities at present and in the imminent future should not be underestimated.

Sponsorship is a brand equity-building strategy which is used to position the brand so the value of the brand's image is enhanced, thus its perceived superiority over competitors is established. This is achieved by the creation of a strategic partnership between the sponsoring brand and the sports property. This is well exemplified by Ford Australia and the Australian Tennis Open where the car manufacturer's long-term association with Tennis Australia has resulted in a very effective branding relationship. According to Keller (1993), with additional support from an integrated marketing programme, sponsorship can build customer-based brand equity by creating a "secondary association" with a sports property. As a result, attributes

and attitudes associated with the sports property in the memories of consumers may become indirectly linked with the sponsoring brand.

Aligned to Keller's (1993) conceptualisation of brand knowledge, sponsorship is a medium which a company can utilise to familiarise consumers with a particular brand (i.e. increased brand awareness) and develop favourable, strong and unique brand associations in consumers' memories (i.e. enhanced brand image). This generates a differential consumer response for the brand **vis-a-vis** an identical unbranded version of the same item, thereby allowing the sponsoring brand to accumulate customer-based brand equity. In turn, greater purchase propensity of the sponsoring brand should be realised in the hands of consumers willing to pay a premium price. Subsequently, sponsorship, like advertising, is a vehicle for companies to exploit and leverage the equities in their brands, thereby maximising their value and gaining a sustainable competitive advantage over competitors.

### **Sponsorship is Different from Advertising**

It has been widely acclaimed that sponsorship influences a consumer in a somewhat similar, but not identical, fashion to how advertising affects consumers. Nicholls, Roslow and Laskey (1994) detail that as consumers are exposed to messages promoting a given brand by a sponsor, there is an expectation that consumers will develop favourable associations with that brand, secure top-of-mind awareness of the brand, have greater preference for the brand, therefore, leading the consumer to purchase the brand.

A common misconception in the literature is



that sponsorship is often construed as a form of advertising. Although sponsorship may work in an analogous way to advertising, essentially it is an effective promotional tool in its own right. Sponsorship is a legitimate element of a company's communications mix alongside the traditional tools of advertising, public relations, sales promotion and personal selling.

Isolating the effects of sponsorship is complicated due to the difficulty in distinguishing its effect from other communication elements. Subsequently, many marketers incorporate and categorise sponsorship in one of the aforementioned communication variables. For example, Witcher *et al.* (1991) classify sponsorship as a form of advertising. However, researchers have highlighted that there are many distinguishing factors between the two mediums, thus refuting the claim that sponsorship falls under the domain of advertising. Marketers have less control over sponsorship messages signalled to consumers in comparison to advertising messages (Hastings, 1984; Gross, Traylor and Shuman, 1987; Javalgi, Traylor, Gross and Lampman, 1994). Sponsorship is a less direct means of communication (McDonald, 1991) which involves a two-way relationship between the sponsor and sponsee (Jones and Dearsley, 1989). Cornwell and Maignan (1998) note that sponsorship is more helpful in building an association from the sports property to the brand than creating a strong link between the product category and the brand. Crompton (1993) highlights that sponsorship provides a unifying theme which other communication tools can incorporate. Moreover, sponsorship fees are paid to the sports property owner or promoter instead of a media owner (Shilbury and Berriman, 1996).

Jones and Dearsley (1989: 257) purport that

sponsorship also differs from advertising due to "the more subtle effects generated by the acceptance that the money paid for the sponsorship produces positive benefits for a sport". Furthermore, unlike advertising, sponsorship involves leverage (Thwaites *et al.*, 1998), therefore, it can be viewed as a labour-intensive activity.

#### **Marketing Practitioner Implications**

Traditionally, advertising has been the most prominent mass marketing communication tool used by companies to deliver brand messages to consumers. Consequently, marketing professionals have been required to liaise with advertising agencies in an effort to produce the best ad copy and creative possible. Although understanding of sponsorship as a communication tool has improved significantly over the years, many marketers incorrectly perceive sponsorship as an extension of advertising and subsequently develop a false sense of sponsorship "know how".

As outlined above, the mediums of advertising and sponsorship are different. Failure to comprehend these differences will result in marketers inheriting an inability to successfully maximise their sponsorship investments which are generally realised by leveraging with other communicational tools. Thus, it is imperative that marketers put an end to this myth and recognise the differences between advertising and sponsorship.

#### **Integration of Sponsorship in the Communications and Marketing Mixes**

To achieve optimal communication effectiveness, firms should employ an integrated approach to the communications mix. Sponsorship is only one part of a company's



communications strategy, therefore it needs to be integrated with other elements of the communications mix. This approach is commonly referred to as "integrated marketing communications" (IMC). Schultz (1993: 17) conceptually defines IMC as:

***"A concept of marketing communications planning that recognises the added value of a comprehensive plan that evaluates the strategic roles of a variety of communication disciplines – for example, general advertising, direct response, sales promotion, and public relations – and combines these disciplines to provide clarity, consistency, and maximum communication impact".***

Keller (1996) advocates that marketers should integrate marketing communications by taking visual or verbal information from one communication element and using this information in other communication mediums. With this in mind, a sponsorship needs to be advertised, publicised, personally sold by the sponsor to customers/clients through corporate hospitality packages, to utilise tie-ins such as sales promotions and involve other communication techniques such as direct marketing initiatives and an on-line presence in order for the sponsorship to be fully exploited to achieve maximum effectiveness. In other words, the sponsorship must be leveraged with these additional promotional activities if the medium is going to augment a company's communications strategy, and thus improve the company's overall marketing impact. This is illustrated by Figure 2. It should be noted, however, that sponsorship can still be effective without the use of supporting communication tools, but its potential impact will not be maximised.

Integrating sponsorship with other elements of the communications mix creates a synergistic effect where "the whole is greater than the sum of the parts". The mixture of above-the-line and below-the-line marketing activities enables a company to achieve a through-the-line marketing campaign. The 1984 Los Angeles Olympics – the event which "brought the marriage of the corporate and sporting worlds into the public consciousness" (Wilber, 1988: 8) – taught companies that the full benefits of sponsorship were only realised if it was part of an integrated communication programme. For example, Fuji failed to execute an effective 1984 Olympic sponsorship programme because the company did not leverage its investment with other marketing communication tools (Gross *et al.*, 1987). Consequently, an integrated promotional campaign was not achieved.

To maximise a sponsorship investment, it is recommended that all four elements of the traditional promotional mix (i.e. advertising, public relations, sales promotion and personal selling) be used in conjunction with each other. Studies have empirically proven that a sponsorship is more effective when supported by other communication mix elements (Kuzma, Shanklin and McCally Jr., 1992; Hoek, Gendall and Sanders, 1993; Cornwell, Maignan and Irwin, 1997). This reinforces the fact that sponsorship is less effective as a sole communication tool. As communication cannot be examined in isolation, inducing purchase of the sponsoring brand is more likely to be attributed to the functioning of the communications mix in its dynamic totality.

In order to achieve maximum impact, sponsorship should also be integrated with the sponsor's marketing mix elements. This can be simply demonstrated by utilising the traditional 4P framework:

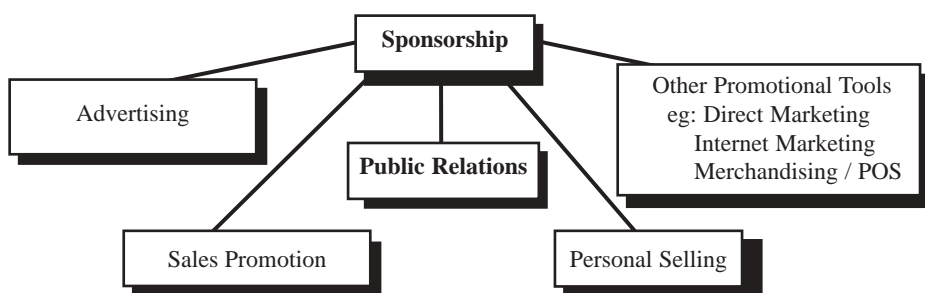


Figure 2.  
Leveraging  
Sponsorship  
Through IMC

**Product:** The sponsoring brand may have special packaging promoting the sponsorship of the sports property or a new product may be introduced into the market for the duration of the sponsorship.

**Promotion:** As previously discussed, the communication mix elements should be integrated with the sponsorship to achieve optimal effectiveness.

**Price:** The price of the sponsoring brand may be discounted during the staging of the sports property to highlight its association in the marketplace, or a certain percentage of the sponsoring brand's price may be forwarded on to the sports property when purchased by consumers.

**Place:** New distribution channels may emerge for exploitation as a result of the sponsorship. For example, selling the sponsoring branded product/service exclusively at a sporting event.

Coca-Cola's sponsorship of the Sydney 2000 Olympic Games is an excellent example of how a company can successfully integrate sponsorship within its marketing strategy. To

coincide with the night of the Opening Ceremony, Coca-Cola hosted a music and entertainment event called Redfest in five Australian capital cities. In a bid to reward customer loyalty, Redfest was tied to a cleverly-designed consumer promotion. Consumers could attend Redfest events by collecting 15 tokens from specially packaged Coca-Cola and Diet Coke products. A Web-site was constructed to inform consumers of competition details and ticket availability. In excess of 100,000 people flocked to the Redfest events to party with celebrities and watch the beginning of the Olympics.

Coca-Cola leveraged its Olympic association with extensive advertising (TV, radio, cinema, transit and outdoor) and a PR campaign involving street teams handing out branded merchandise. In the lead up to the Olympics, Coca-Cola hosted a successful Olympic pin-trading centre and consolidated its presence during the Games with signage on chairs, tables and umbrellas. As Coca-Cola held exclusive rights to sell its brands at the Olympics, product distribution was also exploited with hundreds of vendor carts spread throughout Olympic venues.

#### **Marketing Practitioner Implications**

In reality, it is difficult to identify industry case



studies where a particular sponsorship has been exploited to its full potential. This is in reference to a sponsor employing a full complement of communication tools from its promotional armoury for leverage purposes. Reasons for this vary from promotional budget constraints to advertising agency complaints that a client's request to incorporate a sponsorship-themed campaign will affect the quality of their creative work. However, it is reasonable to conclude that integrating sponsorship within both the communications and marketing mixes will result in a more effective execution of a firm's promotional strategy and marketing strategy respectively. In doing so, a marketer also reduces the likelihood of a competitor successfully "ambushing" the sponsorship investment.

### **Ambush Marketing**

As the use of commercial sponsorship has become widespread, another associated sponsorship practice has emerged with paralleled growth – **ambush marketing** (also known as **parasite marketing**). Ambush marketing, which reduces the benefits of a sponsor in associating with an event, poses a serious threat to the future of sponsorship.

Ambush marketing is a strategy employed by firms to associate themselves with an event without the need to secure official sponsorship rights. Correct application will allow the ambushing company to potentially receive the benefits expected of an official sponsor. The actions of ambush marketers negatively impede on the brand-building efforts of official sponsors by nullifying the impact of their legitimate associations. As a result, sports property owners are increasingly employing tactics to counter ambush marketing activities in efforts to uphold the integrity of their events. For example, in a

bid to prevent companies from ambushing the UEFA Euro 2000 football championships, UEFA's marketing agency, ISL Worldwide, implemented "exclusion zones" within a 3km radius of stadiums by purchasing all outdoor advertising sites and buying all TV broadcast sponsorship packages across Europe (McKelvey, 2000).

At the very least, ambush marketing creates confusion in the consumer's mind which may deny the legitimate sponsor recognition for its investment. The ambushing company is usually the event sponsor's competitor, thus ambush marketing is considered to have a devaluing effect on corporate sponsorship (McAuley and Sutton, 1999). Given the rising costs of sponsorship fees, an ambush marketing strategy would seem an attractive and cost-effective alternative for many companies.

Although research on ambush marketing is limited, studies to date have shown the benefits of companies indulging in "parasitic" behaviour as opposed to purchasing official sponsorship packages (Sandler and Shani, 1989; McDaniel and Kinney, 1996). In order to reduce the impact of ambush marketing activities, sponsors must focus less upon competitors' ambushing tactics and concentrate on exploiting their own associations with sports properties. The most successful ambush marketing campaigns arise when a sponsor has not properly leveraged its sponsorship investment (Tripodi and Sutherland, 2000). This is reinforced by a study conducted by Sandler and Shani (1993) who discovered that sponsors who failed to leverage their sponsorship investments observed ambush marketing efforts confuse consumers when attempting to identify official sponsors, whilst those sponsors who exploited their investments reduced the effects of ambush marketing.



### **Marketing Practitioner Implications**

As previously stated, marketers must proactively leverage their sponsorship investments with other marketing communication tools. This will ensure that the effectiveness of the sponsorship is maximised and the threat from ambush marketing activity is minimised. As sponsorship fees continue to escalate, the temptation to ambush an event will not diminish. Thus, marketers who undertake sponsorship investments must be prepared to cope with the threats of ambush marketing activity. Those marketers who are able to successfully execute an ambush marketing campaign are also in the best position to combat the practice. In turn, marketers who understand how sponsorship works are more likely to extract the most value from their sponsorship investments.

### **How Does Sports Sponsorship Work?**

There is much debate concerning sponsorship's effect upon consumer behaviour. The search to prescribe a model detailing how sponsorship works in terms of its consumer effects is considered the "Holy Grail" of sponsorship research (Meenaghan, 1999). There are two schools of thought regarding how sponsorship functions. One is based upon a hierarchical model of effects, whilst the other is derived from Ehrenberg's (1974) **Awareness-Trial-Reinforcement (ATR)** advertising model.

Advertising's **Hierarchy of Effects** model, a derivative of the adoption process, is designed to move consumers through a number of stages towards the act of purchase. Table 1 represents the Hierarchy of Effects model developed by Lavidge and Steiner (1961). The model is underpinned by consumer behaviour traits of psychology: cognition, affection and conation. Cognition refers to the internal human process-

es associated with knowledge and thoughts; affection to feelings and emotions; and conation to the desire for action (Joyce, 1967).

With application of the **Hierarchy of Effects** model, the objectives of creating or improving brand awareness and brand image via sponsorship are communication effects which precede and influence the decision to purchase or use a particular brand (Meenaghan, 1983). Other sponsorship studies have also revealed that the sponsorship medium is aligned to causal relationships within a hierarchical effects structure (McDonald, 1991; Parker, 1991; Olivier and Kraak, 1997).

Research may be undertaken at different levels of the hierarchy to measure the effects of a given sponsorship. According to the model, a company which explicitly undertakes a sponsorship with the sole objective of increasing sales will also implicitly have to satisfy the objectives of creating or improving its brand awareness and brand image as a result of the sponsorship. Consequently, the objectives of enhancing brand awareness and brand image must be achieved through the sponsorship before the sales objective is achieved. Thus, it is unreasonable for a company to assume, in the short-term, that an increase in sales will occur as a result of the sponsorship investment.

This is reinforced by Rajaretnam (1994) who conducted a study in which the effects of sponsorship were measured in the absence of other communication devices. This opportunity arose due to the sponsoring company making a rare decision to only utilise sponsorship-related communication from 1983 to 1988. Findings from the study clearly reveal the relationship between sponsorship and a hierarchy of effects. The effect of the sponsorship on brand awareness was almost immediate whilst it took a



Table 1. Hierarchy of Effects Model

Movement towards Purchase	Behavioural Dimension	Related Research
Purchase	Conative – the realm of motives	Split-run tests Intention to buy Projective techniques
Conviction		
Preference	Affective – the realm of emotions	Brand preference measures Image measures Projective techniques
Liking		
Knowledge	Cognitive – the realm of thoughts	Awareness surveys Aided recall
Awareness		

Source: Lavidge & Steiner (1961)

longer time for the sponsorship to make its impact on brand preference.

Rossiter and Percy's (1997) **Six-Step Effects Sequence** model is also helpful in explaining how sponsorship works in accordance with a hierarchy of effects. The model is designed to showcase the effects of marketing communications. With slight variation to the original model, Figure 3 illustrates a six-step effects sequence of sponsorship. The effects are in the boxes and the levels at which the effects operate are shown in italics.

**Step 1:** In order for the sponsorship to have an impact, potential buyers must first be exposed to the sponsorship, usually via the media or attendance at an event.

**Step 2:** Potential buyers must then process the sponsorship which entails immediate responses such as attention and learning.

**Step 3:** Immediate responses to the sponsorship subsequently produce permanent responses (i.e. communication effects) aligned to the sponsoring brand. The communication effects, namely brand awareness and brand image (attitude), determine the brand's position in the buyer's mind.

**Step 4:** The communication effects and the positioning of the brand as a result of the sponsorship induces the target audience to take action and purchase the sponsoring brand.



**Step 5:** By the target audience taking action, the sponsoring brand is able to accumulate sales/market share. In addition, this allows the equity in the sponsoring brand to be enhanced.

**Step 6:** As an increase in sales is correlated to an increase in profit, the sponsorship positively impacts on the company's bottom-line.

As discussed earlier, the *Hierarchy of Effects* model and the *Six-Step Effects Sequence* model should be viewed in light of the sponsorship medium working in conjunction with other elements of the communications mix.

Alternatively, there is a body of conflicting research to the one outlined above which has questioned the functioning of advertising and sponsorship through the sequential effects of a hierarchical model. An empirical study conducted by Hoek, Gendall, Jeffcoat and Orsman (1997) identified that the effects of advertising and sponsorship are more aligned with Ehrenberg's (1974) behaviourist-based *Awareness-Trial-Reinforcement (ATR)* model than a *Hierarchy of Effects* framework such as the cognitive-oriented *AIDA* (attention-interest-desire-action) model or Colley's (1961) *DAG-MAR* (Designing Advertising Goals for Measured Advertising Response) model which entails a consumer path of awareness, comprehension, conviction and action.

Contrasted to the cognitive-based models which depict a causal relationship between attitudes and behaviour, Ehrenberg (1974) suggested that a reversal of this causal process is in fact the case where attitudes follow behaviour. He advocated that the main role of advertising is to reinforce existing behaviour as repeat purchasing is the pivotal determinant of a com-

pany's sales volume. Sponsorship has a role to play in each stage of the *ATR* model: create awareness, facilitate trial purchase and reinforce purchasing patterns. However, according to the model, sponsorship's cognitive function is peripheral to its key role of reinforcing consumers to acquire a repeat purchasing habit for the sponsoring brand. According to this line of thought, sponsorship strengthens consumer affection for the sponsoring brand after its consumption or usage. Another study by Hoek, Gendall and Theed (1999) found evidence supporting the functioning of sponsorship in accordance with the *ATR* model.

In sum, the *Hierarchy of Effects* model renders sponsorship as an initiator of behaviour patterns whilst the *ATR* model views the role of promotional stimuli as reinforcing purchasing behaviour (Hoek, 1997). Thus, the *ATR* model predominantly isolates sponsorship having an effect on consumers who purchase or use the sponsoring brand.

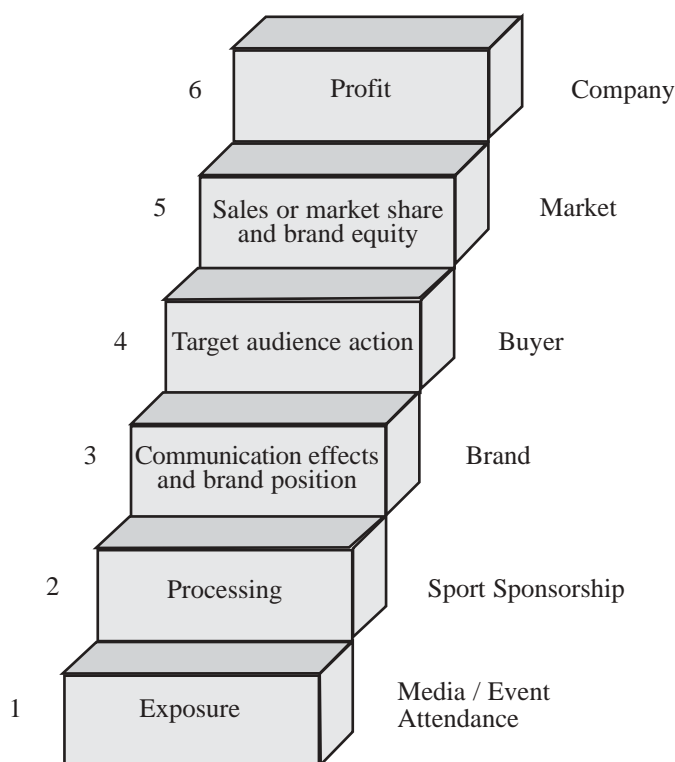
### Future Sponsorship Developments

Corporate expenditure on sports sponsorship is not likely to decrease in the very near future. Sport's ability to evoke consumer emotions has not gone unnoticed by marketers and will continue to be the beneficiary of corporate funds so as long as tangible returns are evident. The massive outlays made by Rupert Murdoch's News Corporation to purchase the broadcast rights to major sports properties around the world is clear evidence of the appeal of sport.

The realisation of sponsorship as an effective communication tool by marketers in the late stages of the 20th century also poses the biggest threat to the sponsorship industry. This is due to the establishment of an ever-increasing competitive environment in which marketers



Figure 3. Six-Step Effects Sequence



Adapted from Rossiter & Percy (1997)

outbid one another to associate their brands with particular sports properties. Like advertising, sponsorship is also beginning to experience the constraints of a cluttered environment which will reduce the medium's promotional effectiveness. As a result, non-traditional sports such as skateboarding and snowboarding will receive an injection of sponsorship funds in the near future. Although these types of sports lack the mass market appeal of larger scale events (e.g. soccer's World Cup), they do offer the marketer the opportunity to be more targeted with communication messages.

The emergence of sponsorship as a promotional tool has transpired as a result of a trial and error process (Kuzma, Shanklin and McCally, 1993) where companies have been forced to acquire corporate sponsorship "know-how" through their own experiences. Hence, sponsorship success can be correlated to a learning curve over time. However, the rise in popularity of sponsorship as a marketing tool has caused many marketers to hop onto the sponsorship bandwagon. Consequently, marketers with little sponsorship expertise need to expedite the sponsorship learning process as they must deliver an adequate return on sponsorship



investments. The quickest way to do this is by employing sponsorship consultants for strategic advice.

In order to attract sponsorship funds, sports property owners are also employing the services of sports marketing firms in efforts to professionally package events to capture the attention of corporate marketers. For example, ISL Worldwide has recently been granted exclusive marketing, broadcasting and licensing rights for the ATP Tennis Tour in a bid to build the profile of the sport amongst the general public and potential sponsors. The future for professional sports marketing firms and sponsorship consultants seems fruitful as their services will be increasingly employed by sponsors and sports property owners to maximise their investments and exploit their commercial assets respectively.

### Conclusion

As marketers settle into the third millennium, they will realise that their promotional configurations of the past are no longer relevant to capture the same consumer markets as they once did. The marketer now has a wide range of alternative marketing communication tools at his/her disposal when devising communication strategies and allocating promotional budgets. One such tool – sponsorship – has exhibited outstanding growth since the early 1980s.

The appeal of sponsorship to marketers can be linked to the latest developments in communication technology which allows brand messages to be transmitted to a vast array of audiences. Due to media fragmentation, sponsorship must not only compete with traditional communicational tools such as advertising, public relations and sales promotions, but also with new-age promotional tools including direct

marketing and Internet marketing for a share of a firm's communication budget. The official Web-site for the Sydney 2000 Olympics highlighted the rise of the Internet. The IBM-hosted site, <http://www.olympics.com/>, received 8.7 million unique visitors globally and accumulated 11.3 billion "hits" – a huge figure given that the number of "hits" for equivalent Web-sites at the 1998 Nagano Winter Olympics and the 1996 Atlanta Summer Olympics totalled 634 million and 187 million respectively (Spooner, 2000).

The need for a marketer to set sponsorship objectives should not be underestimated. Without setting objectives, how does a marketer assess or determine the success of a sponsorship investment? If clear, defined objectives are formulated from the beginning, the easier it is to evaluate the sponsorship investment once the association with the sports property has ended. A marketer should also recognise the need to formulate different objectives when targeting alternative audiences with a sponsorship investment.

Although there is some debate on how sponsorship actually affects consumers, there is no doubt about the medium's popularity. Sponsorship provides marketers with another mechanism to build equity in their brands. However, ambush marketing strategies employed by a market competitor threatens to jeopardise a sponsor's brand building efforts. To optimise sponsorship effectiveness and minimise the impact of ambushing tactics, it is recommended that sponsors leverage their investments with other promotional activities to form an integrated marketing communication approach.

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