Critical investigation into research background and sport event sponsorship

Sport & Tourism



Introduction:

This chapter will present information about the research background and sport/event sponsorship. This will also present the difference between event marketing and sports sponsorship. At the end of the chapter, we will state our purpose with the study as well as our research questions.

1. Background:

In modern age tools of marketing has changed drastically. One of the new technique followed by commercial firms is event or sports sponsorship. Main reason behind this is to achieve strong brand image and increase sales.

(Abrahamsson et al 2003) In adittion Brassington-pettit (2000) states that in order to accomplish this marketingcommunicationis very important. It will lead to grab new market share and improve the relation with exsisting customers. (Brassington-Pettit 2000)

Another important factor of marketing is promotion, which consists of diverse elements such as advertising. (Bassington- Pettit 2000) which in definition is any paid form of impersonal promotion transmitted through a mass medium. Abrahamsson et al (2003) states that advertising is paid for and impersonal. distinguish it from other promotion elements such as sales promotion and personal selling. All of these already mentioned promotional elements, along with public relations traditionally combine for a company's promotion mix, which is the total marketing communication program of a company. (Abrahamsson et al 2003)

Due to increased in traditional mass media advertising cost commercial organisation has come up with the idea of sports or event sponsorship. https://assignbuster.com/critical-investigation-into-research-background-and-sportevent-sponsorship/

Where is can serve equally to achieve marketinggoals, such as increased sales, brand recognition and awareness. The companies search for new media opportunities, have during the past decades resulted in two new, related and increasing areas in the marketing communication mix, event marketing and sports sponsorship. (Eriksson-Hjalmsson, 2001)

Main reason of choosing Indian premier league is to explore the sport sponsorship industry of India which is heavily focused on cricket and its associates. Although, recently India has organised Commonwealth games and cricket world cup 2011. At prest the market size is \$40 bn of which 90% delegated to cricket. New sensation in Indian sports industry is Indian Premier league (IPL) which is also based on cricket. (Chakraborty 2010)

1. 1. 1 Event Marketing

Event marketing concepts is very new in the commercial world and got a quick growth in past decades. According to Eriksson-Hjalmsson (2000) event marketing can be used as a vital tool in both business to business marketing or business to customer marketing. The conception of event marketing had its major breakthrough at the1984Olympics in Los Angeles. The organizer of the Olympic games took the initiatives to offer the sponsors a greater use of their sponsoring of the Olympic games. Contracts were signed which specified the type of exposure the sponsors were to enjoy based on the amount of monetary contribution, as well to what extent the sponsors could use the event in their marketing communication as a whole. To distinguish the difference between the new type of sponsoring from the old, more

philanthropic charity from companies, the concept of event marketing was created. (Behrer and Larsson 1998)

According to Cambell (2008) On the other hand event sponsorship got quite a huge market in India. Due to high growth economy and massive interest in sports specially in cricket the sponsorship market has grown rapidly in India. Multiply these together and you get huge prospects for sports TV rights and marketing. The predictions are born out by figures from recent years with the sponsorship market estimated at \$250m per year, TV rights worth over \$350m per year and both growing fast. (sportbusiness 2008)

According to Abrahamsson et al 2003, sponsorship growth is very high in recent year and Eriksson-Hjalmsson (2000) added that the growth of event management in the United States today is three times larger than advertising. Event marketing is an approach to cooperate the communication around an own created or sponsored event. In event marketing the event is an activity that gathers target groups in time and space: a meeting in which an experience is created and a message communicated. (Behrer-Larsson 1998)

It is very lucrative for the commercial organisation because through event sponsoring it is easier to reach the target market and also it is the best way to interact with the customer directly.(Abrahamsson et al 2003) Regardless of the title or place in the organization, in a sponsorship when a company sponsors a sports event or concert, or supports a charity with its resources, it is attempting to increase the perceived value of the sponsor's brand in the consumer's mind. Furthermore if sponsoring sport event the company reach https://assignbuster.com/critical-investigation-into-research-background-and-

two potential markets, the participant and the spectator. (Wells, Burnett & Moriaty, 2000)

1. 1. 2 Sports Sponsorship

sportevent-sponsorship/

Sports sponsor can be defined as investing in a sports entity such as athlete, league, team or event to support over all organizational objectives, marketing goal and promotional strategies. (Shank 1999) India is the second largest country in world regarding population and got plenty of potential in sports sponsorship. Cricket is the most popular sporting event for Indian people and few of its neighbour countries. Through sponsoring cricket a firm can easily reach its target market in India. Abrahamsson et al (2003) described that sponsorship is an important tool of marketing communication that seeks to achieve favourable publicity for a company and or it brands within a certain target audience via the support of an activity not directly linked to the company's normal business. (Bennet, 1999)

Sponsorship activities present multiple opportunities for achieving awareness objectives, and much of the research to date in the sponsorship literature has focused on awareness issues such as sponsor recall (Gwinner, 1997). While there are obvious aesthetic pleasures in merely watching a sport performance, the real intensity comes from identifying with an individual or team as they strive to win. It is this phenomenon that has helped make sport a vehicle for the promotion of corporate interests, hen professional team sport has emerged in the nineteenth century, the relationship between sports teams and fans was sustained by reliance on local ownership and involvement. (Mason 1999) The general reasons for https://assignbuster.com/critical-investigation-into-research-background-and-

making sports sponsorship a part of the promotional mix, is the widespread appeal of sports across all ages, areas and life-styles. This is especially true when it is linked to the television broadcast of the events. Many sports and sporting events attracts high television coverage which means that even if the actual sponsorship coast might be high, the sponsorship is still quite cost effective in comparison to the cost of direct television advertising.

(Brassington-Pettit 2000)

The difference between event marketing and sport sponsorship, which could be considered as a highly related area to event marketing, is that event marketing could only occur in marketing. In order for something to be classified as event marketing it is required that the company uses the event both as an attempt to communicate and as a separate medium. (Behrer-Larsson, 1998)

1. 2 Research Purpose and Research Question:

As discussed earlier in the thesis, the use of sports sponsorship is becoming more and more common. Many of the companies are sponsoring sports event/team due to the fact that teams and sports events tend to draw a very variable audience. The motives for companies to sponsor a team can be to strengthen their image or increase awareness of the companies. However the sport sponsorship is very important to the teams, because a lot of themoneythat the companies put into team is often used to pay the players of the team. This means that the company that does the sponsoring becomes involved in a seller-buyer relationship. The sponsorship must however be in line with the other promotion activities that are conducted within the companies and must be measured carefully to be sure of the https://assignbuster.com/critical-investigation-into-research-background-and-sportevent-sponsorship/

effects, to become successful when conducting sport sponsoring. It would be interesting to study sport sponsorship from a promotion perspective, which is to look at both the seller and buyer perspective. The research purpose of this thesis can be stated as follow;

"How and why is the Indian Premier League (cricket) being used in commercial organisation's promotional strategies?"

There are many different factors that can be related to the research purpose, but this thesis will focus on certain aspects. However the complete understanding and describing of sports sponsorship will not provided. Interested areas to investigate further would be the objectives for sport sponsorship to describe how it is conducted and how it is promoted. One other area that is of interest is the sponsor and the sports entity, to investigate the effectiveness of sports sponsorship and how it is evaluated. Another issue that can be of great interest is how the companies select the right sports entity to sponsor. To be able to answer these questions, Three research questions related to the research purpose are formulated as follows:

- 1: How could the objectives for sports sponsorship be described- form the sponsor and the sports entity perspective?
- 2: How could the choice of the right sports entity to sponsor be described?
- 3: How could measuring the effectiveness of sport sponsorship be described?

1. 3 Limitations:

The sport sponsorship area is a very large area with many different factors to investigate. However due to time limitations the thesis will focus on the company conducting the sponsorship and the team that are sponsored, from a marketing communications perspective. This is because it is beyond the scope of this study to include all factors within the area of sports sponsorship

2 Literature Review:

Marketing is one of the core functions of a business firm. There are plenty of issues to discuss about marketing. Academia and researcher has done lots of research on this topic and explored many areas of marketing. Many academia has described marketing is mainly based on fours area which are Product, Place, Price and Promotion. My research is mainly based on Promotion. Promotion is a vast area to explore which includes promotional mix. CIM (2009) described that, The promotional mix is a term used to described the set of tools that a business can use to communicate effectively the benefits of its products or services to its customers.

The promotional mix includes the following tools:

Advertising:

Public relations

Sales promotion

Direct marketing

Personal selling

Furthermore other academia included:

Sponsorship

Viral marketing

Exhibitions

Corporate images

In previous section I have described about promotion and promotional mixes.

My main concern is Sponsorship and its uses in sports world specially on cricket and Indian Premier League(IPL).

Objectives for Sports Sponsorship:

One important issue with sponsorship that is often brought up by academia is the objectives, since the objectives could serve as a benchmarking tool when companies are in the process of measuring the effects of the sponsorship. (Hultman-Lindgren, 2001) Not unlike advertising objectives, sponsorship objective could be categorized into direct and indirect objectives. The direct objectives focus on short-term consumer behaviour and to increase sales. Indirect objectives will also ultimately lead to increasing sales, but focus more on generates awareness and create the desired image for the brand. (Shank 1999)

The Main Objectives in sponsorship are as follows:

Awareness

Brand awareness is achieved by exposing the brand to as many potential consumers as possible. (Gwinner, 1997) To generate awareness or raise awareness for the company's products, service, product lines or corporate

name. From the sports entity's perspective, having a large corporate sponsor will certain high lighten awareness for them as well. The corporate sponsor will also ensure that their promotion mix elements are integrated, which means that the sponsorship should work along with the advertising and sales promotion for instance, to achive the desired objectives. Recent studies have also shown that sponsorship generates higher levels of awareness in desired target markets compared to advertising. (Shank 1999)

Competition:

Another objective is to meet any competitive threat on the sponsorship market. In other words, if they do not make the sponsorship investment, their competitors will. Even though, ambush marketing by competitors could damage the sponsorship. Ambush marketing means a planned effort by a competitor to associate there sleves indirectly with an event or a sports entity to gain at least some of the benefits and recognition that are associated with the sponsorship. (Shank 1999)

Brands that do not want to split out on expensive sports sponsorship often turn to ambush marketing. Ambush marketing has a negative effect on everyone involved with an event, and in the end, the sport itself. Event organiser find the value of their right diminished. It becomes harder to find sponsors and consequently, to host events. (Elliott 2002)

Reaching target markets:

One of the major benefits with sports sponsorship is the ability to reach people with a common interest; therefore sporting events are a natural form https://assignbuster.com/critical-investigation-into-research-background-and-sportevent-sponsorship/

for psycho graphic segmentations of consumers. By doing that, the company reaches consumers with similar activities, interest and opinions. Therefore, sponsorship that is used effectively could reach target markets more efficiently than traditional advertising. (Shank 1999) Corporations are looking to begin or increase existing sport sponsorships to take advantage of consumer interest and the ability to reach large and yet specifically targeted audience. (Sherry, 1998)

Relationship marketing

Building relationship with clients or putting the principles of relationship marketing to work is another sponsorship abjective. Corporate hospitality managers from the behalf of the sport entity could for instance provide sponsors space and time to socialize with clients. The existence of luxury boxes at stadiums and arenas, are just one piece of evidence that corporate sponsors will go to great length and spend larger amount of money in order to maintain and build successful relationships with their clients. (Shank 1999)

Image Building

This perhaps the most important reason for sponsorship. Providing a positive association of the brand of the sponsoring organization. The sponsoring organization associates itself and its brands with the positive images generated by the unique personality of the sponsored sports entity. The main principle here is that the image of the sports entity should be congruent with

the actual or desired image of the sponsored organization and their products. (Shank, 1999)

Amis and Lack agrees with that and further states, "Sport sponsorship has been shown to be an effective tool with which to alter and enhance a company's image and reputation. Consequently, they believe that sport sponsorship should be considered an important resource, which can help companies to secure a position of competitive advantage. However, for any advantage thus gained to be sustainable, they content that the sponsorship on which the advantage is based must be developed into an area of distinctive competence within the firm" (Amis-Slack, 1998)

DeVous (1994) States that there is of high importance as a sponsorship objective to creat brand image locally, nationally and intentionally. Furthermore he states that sports sponsorship could provide effective associations for the product or the brand, bringing it values such as fitness and excellence. (De Vous, 1994)

Sales Increases:

This is eventual objective for almost all of the sponsoring organization, although sometimes indirect or through a hierarchy of effects. Occasionally, sporting events are created for the sole purpose of making profit. Without sponsoring, the event would lose its ability to do so. (Shank 1999)

The researchers Amis and Alack, like shank, also rates the objectives of awareness and brand images as the two most important objectives in sports sponsorship. (Amis-Slack 1998) Pope (1998) also ranks the increased

awareness and brand image as the two primary sponsorship objectives and so do shanklin and Kuzman (1995). Another objective that is not mentioned by Shank is the objective of community relations and support of the local community, which is of particular importance as an objective when it comes to the sponsoring of a sport stadium. (Clark 2002)

Public relation could be considered as another promotional objective for sposrts sponsorship. There are several benefits with sports sponsorship in that perspective. First and foremost, it is developing consistent message points among all marketing factions, including public relations, advertising and promotions. Another benefit is opportunity. Experience will show taht there can be a number of missed public relations opportunities when public relations is practiced totally independent of promotions, advertising and other marketing functions. Another example of benefits from integrating marketing is the practice of using the making of anadvertisementfor public purposes. (Sherry 1998)

2. 2 Choosing the right sports entity to sponsor

A number of factors need to be considered before a sponsorship decision is made, factors which are summarized in the model below:

Relevance

The first consideration is relvance, which might be the most important factor of them all. There needs to be a match between the chosen sponsorship and the target audience that the organisation is seeking influence.

The Length of impact:

The length of impact may also be a consideration. One off event, unless they are of the very high profile kind, does not generally have the same capacity to build the community relations or establish brand familiarity that sponsoring of a sports league or a series of events could accomplish. However, if the objective is to raise the awareness on a short-term for a new product for instance, a one off event could be useful. (Brassington –Pettit, 2000)

Uniqueness

Being the sole sponsor is something that is desirable, but not alway possible to accomplish, especially for larger international events or sports entities, where the costa are very high. Sponsoring a major league can, however, provide uniqueness without being the sole sponsor, as the awareness of the company could rise drastically through television and other forms of media coverage such as print media and broadcasted media. (Brassington-pettit, 2000)

Spin- off promotion

The potential of spin off promotion, is another important factor to consider. Spending more money on advertising and other forms of promotion along with the sponsorship would maximize the impact of the actual sponsorship. (Brassington-Pettit, 2000)

Compatibility:

Finally, it is always important to ensure that there exists a compatibility with the sponsor's overall promotional objectives. Sometimes personal interest of key personal in the sponsoring organization could cloud judgment over the real fit with the commercial objectives and all the cost effectiveness of the sponsorship in question. In that sense, it is recommended that sponsorship decisions are as calculated as unemotional from a corporate perspective as any other promotional decisions. (Brassington- Pettit, 2000)

Despite the growing role of sponsorship in the marketing activities of firms worldwide, academicresearch in this area has been limited. Adopting a classical conditioning framework, this research examines the effects of consumers' attitudes about a sports event, their perceptions of sponsor-event fit, and their attitudes about the sponsor on a multidimensional measure of sponsorship response. The results suggest that sponsor-event fit, perceived sincerity of the sponsor, perceived ubiquity of the sponsor, and attitude toward the sponsor are key factors in generating a favourable response from sponsorship. Liking of the event and perceived status of the event have differing significance depending on how response is measured. Sponsor-event fit also has interaction effects with perceived status of the event and personal interest in the event. The implications of these findings for sponsors and event managers are examined, and future research directions are outlined. (Speed and Thompson, 2000)

Past sponsorship research has primarily focused on awareness building strategies, and has virtually ignored brand image issues. As a result, little guidance is available for firms that seek to use sponsorship opportunities to

aid in brand positioning. This study reports the results of an experiment using undergraduate student subjects, who assessed the degree to which a sporting event's image was transferred to a brand through event sponsorship activity. Subjects in the sponsorship pairing treatment were more likely to report similarities on brand-event personality components than subjects who were not exposed to the event-brand sponsorship link, thus supporting the notion that sponsorship results in image transfer. Further, we found that when event and brand are matched on either an image or functional basis the transfer process is enhanced. Management implications for sporting event sponsorship and future research directions are discuss (Gwinner and Eaton 1999)

Walliser (2003) on his article, extends and updates an existing review of 80 Anglo-Saxon studies on sponsorship published prior to 1996 with contributions of European origin (66 additional studies) and studies published subsequently (87 additional studies). His research thus gives an account of the evolution and current state of sponsorship research worldwide and points out new research directions. The researcher also mentioned that, over the past years there have been clear advances in research into, and evaluation of, sponsorship effects and strategic sponsorship management. There has also been a notable shift towards a better understanding of how sponsorship is perceived by the end consumer. Overall, however, research is focused too much on consumer goods and service companies pursuing awareness and image objectives while engaged in sports sponsorship. Other types of institutions, other sponsorship objectives and other sponsorship

areas are widely neglected. The same is true of the functional affiliation of sponsorship within the firms and sponsorship budgeting processes.

Sports sponsorship always been a major part of US sports. Cornwell and Maignan 1998 states that, Sponsorship as a promotional activity has grown remarkably in recent years, estimated sponsorship expenditures reached \$13. 4 billion world in 1996 (International Events group report 1996). Total sponsorship expenditures in the united States across the categories of sports, music, entertainment, festivals, causes and the arts more than duble between 1989 and 1994, increase from \$2.1 billion to \$4.25 billion (Kate 992, Smith Shannon and MacClaren 1995). In comparison with total 1994 U. S expenditures of \$150 billion (Advertising Age 1995), the \$4. 25 billion spent on sponsorships may appear trivial. However, available statistics on sponsorship expenditures account only for fees paid for sponsorship rights (InternationalEvents Group Report 1996), and therefore do not measure the impact of sponsorship in overall marketing strategies. Supporting advertising, promotion expenditures and client entertainment are some of the costs not incorporated in current figures. The leveraging of sponsorship investments through the use of sponsorship linked marketing programes that include everything from magazine, television and newspaper advertising to licensing, in store displays, sampling and incentives make sponsorship a significant contributor to many communication programs.

In recent years, India has put plenty focus on sports sponsorships and star endorsement. Recent invention of Indian premier league is now one the most highlighted event in sports world. Furthermore, Cricinfo (2010) mentioned

that this not only sports event it is a golden goose for Board of Cricket

Council India (BCCI). It also gave new meaning to cricket. Promoting the

event is not only concern of BCCI, it is also a issue of promoting product and
service for several firms. Management Funda (2010) highlited the groth and
money involvement in IPL promotion. \$1026 bn involved in the hole

broadcasting process of the event and \$108 mn is used for promotion of IPL.

Sony television network got 10 years right of broad casting IPL. Furthermore,

DLF has secured exclusive rights to the IPL title sponsorship worth Rs. 200

cr, which is over \$50 mn.

Corporate sponsorship of sports, arts, and cultural events has increased dramatically over the past decade. Still, academic research on sponsorship as a promotional tool has been sparse. Cornwell and maignan (1998) offer a cross-disciplinary review of research conducted on sponsorship worldwide. Five research streams-nature of sponsorship, managerial aspects of sponsorship, measurement of sponsorship effects, strategic use of sponsorship, and legal/ethical considerations in sponsorship-are examined and critically assessed.

The increasingly important role played by sponsorship in the marketing mix has given rise to the view that it should be considered a strategic activity with the potential to generate a sustainable competitive advantage in the marketplace. This paper extends that line of argument through the development of a conceptual model of the sponsorship – competitive advantage relationship. In particular, it argues that two levels of competitive advantage need to be considered, namely the competitive advantage of the

sponsorship and competitive advantage in the market. Critical to attaining an advantage in the competitive world of sponsorship is the deployment of a range of organisational resources to support the sponsorship investment. A series of research propositions are advanced showing the relative importance of different organisational resources. Effectively resourced sponsorships generate a competitive advantage in the "market" for sponsorships, which in turns leads to competitive advantage and superior performance in product markets. (Fahy et al 2004)

The companies involved in sponsoring IPL is well renowned and big players in their own industries. All these companies are throwing money to get higher return. Sony television got the right to broadcast the whole event, which allow them to sign few more sponsors like, Coca-Cola, Hyundai, Vodafone, Citi Bank, Godraj group who have access to on air category exclusivity. The whole event allowed the broadcaster to fix a stratosphere rate beginning from \$5000 per second to \$25000 per second. During the event company profit rasied from 5. 7% to 28. 8%. (Hindustan Times, 2008)

The versatility of sponsorship as a communications medium to a variety of corporate audiences is examined, with broad clusters of sponsors based on audience orientation being identified. Audience priority is examined with reference to sponsor characteristics and the main promotion instruments used by sponsors to communicate with their audiences are analysed. (Crowley 1991)

Sports currently represents the eleventh largest industry in the USA. Despite this, there are few mainstream marketing journals willing to publish

manuscripts on sports marketing. In an effort to circumvent this problem, some sports marketing authors have "disguised" their research under the guise of "servicescapes" or leisure services. Looks at the topical content of the leading outlet for sports marketing manuscripts, Sport Marketing Quarterly. The author classifies the articles into 18 categories. Sponsorship is the most frequent topic for sport marketing papers, followed by general research and research on fans, spectators, and participants. Provides an extensive bibliography of sport-marketing articles published in academic journals. While a few of these are in marketing journals, the vast majority are published "out of field". (Shannon 1999)

Sports Sponsorship is used to support marketing and corporate objectives, such as improving a company or brand image and increasing consumers' intentions to purchase a company's product or service. Consumers' intention to purchase derives from two main influences, a positive attitude towards the brand itself and brand exposure and prior use. This suggests a relationship between sport sponsorship activities, brand exposure and attitudes towards the brand itself. This relationship was explored in this research by considering the impact of three factors on the level of intention to purchase a company's products or services. The factors considered were corporate image, prior product use, and belief that the company sponsors a sport or sports. Subject were asked to rate their intention to purchase products or services from 10 companies in five product groups. Companies were also assessed for corporate image, belief that the company was a sponsor of sports and prior use. The relationships between these variables were examined using ANOVA. Significant effects on purchase intention were

found from brand, from the belief that the company sponsored sport, and from the corporate image of the company. No interaction effects between the independent variables were found. (Pope and Voges 2000)

The case examines the concept of sports sponsorship and how ambush marketing has become an integral part of such sponsorship. The reasons underlying the increasing use of ambush marketing tactics by companies during sports events are analyzed. The case discusses in detail the dispute between the International Cricket Council (ICC) and Indian cricketers in late 2002 regarding certain anti-ambush marketing clauses that restricted players from endorsing the products of companies other than the official sponsors chosen by the ICC. The case also examines the role of the Board of Control for Cricket in India (BCCI), the official sponsors as well as the ambush marketers in the dispute. (ICMR 2003)

According to Hindustan Times (2008), the Indian premier league is a miracle in the world cricket. Cricketing world has experiences the drastic changes in cricket after the evolution of new cricket concept the Twenty20 cricket. Lalit Modi creator of IPL brought out the dream concept in reality. IPL has been as market controversy where the end result is unparalleled, residual awareness of product and brand recall. IPL is new in the market and established itself as a new brand in a very short p of time. Controversy could be an amazingly low cost marketing tool that makes for the phenomenal media coverage and can be very effective if managed well it reaches the minds of the masses and will be of immense help in eliminating the odd dose of adverse publicity in the short term.

By far it is quite clear that sports sponsorship is a big subject area which hasn't been a major concern for the academia. Even though, major brands are involved in this matter but still remain in shadow. Another important fact is IPL, fast growing sporting event grab the attention of millions and billions of people. Now a days it is one of the hot topic in cricketing world. Sabnavis (2008) has described IPL as mixed of cricket, glamour, celebration and celebrity craze. Plenty of movie star from Indian movie industry with the backing from business tycoons of india like Ambani and Mallya are involved in the event.

To decribed the Main feature of IPL Hashmi (2011) says, IPL is the version of the game which is only 2 and half hours long, fast paced and exciting. IPL has employed economists to structure its lead so that revenue is maximized. Since it has a large potential mass audience, IPL is very attractive as a marketing communications opportunity, especially for advertisers and sponsors. The league functions under a number of franchises. Each franchisee is responsible for marketing its team to gain as large a fan-base as possible. The long-term success of all of the franchises lies in the generation of a solid fan-base. The fan-base will generate large TV revenues. Different fans will pay different amounts to watch their sport. There will be corporate hospitality, season tickets, away tickets, TV pay-per-view and other ways to segment the market for the IPL. There is a huge opportunity for merchandising e. g. sales of shirts, credit cards and other fan memorabilia. Grounds can also sell refreshments and other services during the games. Marketers believe that the teenage segments need to be targeted so that they become the long-term fan-base. Their parents and

older cricket fans may prefer the longer, more traditional game. The youth market may also impress on their parents that they want them to buy their club's merchandise on their behalf – as a differentiator or status symbol. Franchise fees will remain fixed for the up until 2017-18, which means that the investment is safe against inflation which is traditionally relatively high in India. (Hashmi 2011)

India is growing fast in the economy and IPL is one of the examples of building a strong economy. Not many academias have shown concern on this event but my concern is to go deep to find the promotional strategies of company involved in the event. This is a market of billion audiences with huge turnover. IPL is being used by many big brand companies to achieve competitive advantages in the market and different promotional strategies are involved in the whole process. My research will highlight all those fact involve in promotional strategies by commercial organisation involved in the event.

3 Methodology

In this part of thesis methodological issues will be presented. Methodological consideration and choices will be stated, as well as the research design, research approach, purpose, sample selection and data collection.

3. 1 Research Purpose

According to Sauders (2000), there are three main stages in research exploratory, descriptive and explanatory.

Experatory

Here research is designed to allow the investigator to "look around" withrespectto some phenomenon. The aim is to develop suggestive ideas. The research should be as flexible as possible and provide guidance for procedures. The focus is initially broad and becomes progressively narrow as the research progresses.

Descriptive

The object of descriptive is to portray accurate profilr of persons, event or situations. It is necessary to have clear picture of the phenomena on which to collect information to the data collection.

Explanatory

Studies, which establish casual relationships between variables, may be turned explanatory studies. The emphasis here is on studying a situation or a problem in order to explain the relationships between variables.

In this research, I am exploring the sponsorship relation from both sides in a marketing communication perspective in order to gain a deeper understanding of our research area, describing when we discuss what the objectives are, how to the select the right sports entity to sponsor and how to measure the effect of the sponsorship, and explaining when I am answering my research questions. However, although I have parts of all three, I am mainly descriptive.

3. 2 Research approach

Depending on what kind of information that is investigated, the qualitative or quantitative method is used. The qualitative method does not strive to https://assignbuster.com/critical-investigation-into-research-background-and-sportevent-sponsorship/

generalize the problem, istead, the purpose is to give a deeper understanding of the problem. (Saunders, 2000) Further, the method is flexible and thereby, the researcher can correct possible weaknesses and incorrect formulations and also add lacking questions. However, one weakness with this method is that it can be a problem to compare information from the different objects of study.

Qualitative investigation usually take form of case studies or surveys, with few research objects. (Saunders, 2000)

The quantitative methods deals with the problem in a wider perspective, usually through large questionnaires with closed end questions, tha is, questions, which call for responses that are strictly limited. The gathered material is expresses in figures. The primary purpose of this methodological approach is to be able to generalize the gathere information. I have assumes that qualititavie approach in my research since i wanted to gain a deeper understanding of different issues regarding my research questions. (Saunders, 2000)

3. 3 Research strategy

The purpose with my research was to investigate "How and why is The Indian Premier League (Cricket) beaing used in commercial organisation's promotional strategy" I then divided this research purpose into three research questions:

The objective with sports sponsorship

How to choose the right sport entity to sponsor

Measuring the effect of the sponsorship

There exist five major strategies when it comes to research strategy,

Experiment, survey archival-analysis, history andcase study, which are

explained further in the table below:

StrategyForm of research questionRequires control of behavioural eventsFocuses on contemporary events

ExperimentHow, Why? YesYes

SurveyWho, What, where, How many, how much? NoYes

Archival-analysisWho, What, where, How many, how much? NoYes/No

HistoryHow, whyNoNo

Case studyHow, whyNoYes

Table source: Relavent situation for different research strategies, Yin 2003

Case studies means to investigate few objects thoroughly. It is most suitable research strategy if the objective it to achieve detailed understanding about different kinds of processes in few objects. (Sauders, 2000) Since I am focusing on contemporary event and the fact that our research questions are formulated in "how and why" form, a case study generally, is the most suitable method for problem like this one according to Yin (2003)

3. 4 Data Collection

First, The research has to decide if the investigation should be based on already gathered information, that is, secondary data, or if fieldwork has to be carried out, to gather primary data (Saunders, 2000). When conducting case studies and collecting data. There are six sources where the researcher

can collect evidence and those are; Documents, archival records, Interviews, direct observations, participant-observationand physical artefacts. These sources of evidence can both be strong as well weak evidence according to Yin (2003). These types of evidence and the nature of them are displayed in the figure below this paragraph.

Source of evidenceStrengthsWeakness

DocumentationStabile can be reviewed repeatedly

Achival Records

Interviews

Direct Observation

Participant observation

Physical artefacts

3. 4. 1 Secondary Data

Sauders (2000) points out, that secondary data is data, which already has been collected by someone else. For another purpose. Statistics and reports issued by governments, trade associations, and so on, are some sources of secondary data. The IPL websites and website and annual reports of company associates with IPL sponsorship are other sources of secondary data (Saunders, 2000). In this research I have used the website pages of case study event and companies for providing general company information in our data collection chapter.

3. 4. 2 Primary Data

Primary data collected directly by the researcher for specific purpose. Two main techniques for gathering primary data exist, that is, inquiries or interviews, Either one or a combination of both, can be used. (Saunders, 2000)

Inquiries can reach a geographically dispersed sample simultaneously, since the interviewer presence is not needed. However, the absence of the interviewer brings that the questioning process is beyond the interviewer's control and the respondent does not have the opportunity to ask the interviewer questions. Therefore, the questions have to be standardized, and quite structured, so that the respondent does not interpret them wrongly. Problems that would have been clarified in a personal or telephoneinterviewremain misunderstandings in an inquiry. (Saunders 2000)

Since I wanted to ask rather complex questions, I decided that inquiries would not suit my research.

3. 5 Sample Selection

In order to select a sample for my case study, I have used judgmental sampling. Judgmental sampling basically means that the researcher select cases best suited to answer the research questions. This form of sample is often used when working small samples such as in a case study research when you want to select cases that are particularly informative (Saunders, 2000)

I have then chosen to look at the sponsorship collaboration with the Indian primer league (Cricket) and its sponsor DLF, Hero Honda, Kingfisher gorup and Sony entertainment

3. 6 Data Analysis

Data analysis consist of examining, categorizing and tabulating or otherwise recombine the collected data. (Yin 2003)

There are three concurrent flows of activity in data analysis (Yin 2003)

Data Reduction: Selecting, focusing, simplifying, abstracting and transforming the data. The purpose is to organize the data so that a final conclusion could drawn.

Data Display: Taking the reduced data and display it in an organized and compressed way so that conclusions could be easily drawn

Conclusin drawing/verification: Noting regularities, patterns, explanations, possible configurations, casual flows and propositions

Then the data collected for each research questions is reduced and simplified through use of within case analysis. The within case analysis is performed by comparing the empirical finding with already exsisting theories and concepts brought up in th conceptual framework. (Yin 2003)

Since I only have a single case study, I will be using a within case analysis to analyze my data.

3. 7 Validity and reliability

Mrshall (1997) put more importance on reliability and validity in a research.

He also stated that, perfect reliability is often beyond reach in socialsciencebut we must aim to achieve as high a level as possible.

According to Powell and Connaway (2004) emphasis need to be placed on the validity and reliability of any research design in order to reduce the risk

of getting wrong answers. Validity seeks to ensure that the level of sophistication of the research design and the extent of control, achieves the set research question(s) while reliability seeks to guarantee consistency and legitimate generalizability of results obtained (Marshall 1997). Validity refers to how well a specific research method measures what it is supposed to measure. (Sauders 2000). A validity problem could be if my collected information were from poor sources. Generally other types of validity problems could lie in the analysis of the data and the conclusions drawn. (Saunders, 2000). A research can hold high reliability if it can be repeated. Several times and the results are the same, or almost same. One reliability problem could be if the respondent is not suited to answer my questions properly, to eliminate that problem, I have chosen annual reports and main website of all the sponsor and the event itself.

4. Data Presentation:

In this chapter, The empirical data collected from the company website and annual reports will be presented.

4. 1 Comapny information – DLF

DLF Limited, is India's largest real estate company in terms of revenues, earnings, market capitalisation and developable area. It has over 60 years of track record of sustained growth, customer satisfaction, and innovation. The company has 399 msf of planned projects with 56 msf of projects under construction.

DLF's primary business is development of residential, commercial and retail properties. The company has a unique business model with earnings arising

from development and rentals. Its exposure across businesses, segments and geographies, mitigates any down-cycles in the market. DLF has also forayed into infrastructure, SEZ and hotel businesses.

Development Business

The development business of DLF includes Homes and Commercial Complexes

The Homes business caters to 3 segments of the residential market – Super Luxury, Luxury and Mid-Income. The product offering involves a wide range of products including condominiums, duplexes, row houses and apartments of varying sizes.

DLF is credited with introducing and pioneering the revolutionary concept of developing commercial complexes in the vicinity of residential areas. DLF has successfully launched commercial complexes and is in the process of marking its presence across various locations in India.

The development business at present has 302 msf of development potential with 40 msf of projects under construction.

Annuity Business

The annuity business consists of the rental businesses of offices and retail.

With over six decades of excellence, DLF is a name synonymous with global standards, new generation workspaces and lifestyles. It has the distinction of developing commercial projects and IT parks that are at par with the best in

the world. DLF has become a preferred name with many IT & ITES majors and leading Indian and International corporate giants, including GE, IBM, Microsoft, Canon, Citibank, Vertex, Hewitt, Fidelity Investments, WNS, Bank of America, Cognizant, Infosys, CSC, Symantec and Sapient, among others.

DLF pioneered the retail revolution in the country and brought about a paradigm shift in the industry by redefining shopping, recreation and leisure experiences with the launch of City Centre in Gurgaon in 2000. The Retail Malls business is a major thrust area for DLF. Currently, DLF is actively creating new shopping and entertainment spaces all over the country.

The company has land resource of 86 msf for office and retail development, with 16 msf of projects under construction.

DLF owns and operates the luxurious Aman Resorts across the world and also has an alliance with Hilton Group for development and management of hotels in India. The hotel business is currently undergoing a comprehensive review by the company as regards its future plans, commitment towards resources and the extent of scale and size that the company aspires to achieve in this segment. DLF has a development potential of 11 msf for its hotel business.

DLF has a strong management team running independent businesses, though complementing each other in cases of opportunities of mixed land use. DLF's mission is to build a world-class real estate development company with the highest standards ofprofessionalism, ethics and customer service

and to thereby contribute to and benefit from the growth of the Indian economy.

4. 2 Event Information: Indian Premier League (Cricket)

The Indian Premier League (IPL) is a professional league for Twenty20 cricket competition in India. It was initiated by the Board of Control for Cricket in India (BCCI) headquartered in Mumbai supervised by former Chairman and Commissioner of the Indian Premier League Chirayu Amin. It is currently contested by 10 teams consisting of players from around the world. It was started after an altercation between the BCCI and the Indian Cricket League.

In 2010, IPL became the first sporting event ever to be broadcast live on YouTube. Its brand value was estimated to be around \$4. 13 billion the same year. According to global sports salaries review, IPL is the second highest-paid league, based on first-team salaries on a pro rata basis, second only to the NBA. It is estimated that the average salary of an IPL player over a year would be \$3. 84 million. The brand value of Chennai Super Kings (winner IPL 2010, finalist IPL 2008 and semi-finalist IPL 2009) is estimated at USD 48

IPL Trophy

The diamond-encrusted trophy of DLF Indian Premier League (IPL) Cricket was designed by Orra brand, owned by Antwerp-based Rosy Blue Group. It comprises of a player in a gold leafing. He is shown holding a bat in his hand, next to a map of India. On the map, the names of all the IPL teams have been engraved by rubies. It took a team of as many as 14 craftsmen to make the trophy. Every year, the winners of the IPL T20 tournament are presented with a replica of this trophy, along with the prize money https://assignbuster.com/critical-investigation-into-research-background-and-

Franchises

The winning bidders for the eight franchises were announced on 24 January 2008. While the total base price for auction was US \$400 million, the auction fetched US \$723. 59 million.

On 21 March 2010, Pune and Kochi were unveiled as the two new franchises for the fourth edition of the Indian Premier League. The base price was \$225 million. While Pune was bought by Sahara Adventure Sports Group for \$370 million, the Kochi franchise was bought by Rendezvous Sports World Limited for \$333. 3 million. The process was to have been completed on March 7 but was postponed by two weeks after many bidders and the BCCI objected to stiff financial clauses. The second franchise auction fetched total \$703 millions

Television rights and sponsorships

The IPL is predicted to bring the BCCI income of approximately US\$1. 6 billion, over a period of five to ten years. All of these revenues are directed to a central pool, 40% of which will go to IPL itself, 54% to franchisees and 6% as prize money. The money will be distributed in these proportions until 2017, after which the share of IPL will be 50%, franchisees 45% and prize money 5%. The IPL signed up Kingfisher Airlines as the official umpire partner for the series in a 106 crore (US\$23. 53 million) (approximately ? 15 million) deal. This deal sees the Kingfisher Airlines brand on all umpires' uniforms and also on the giant screens during third umpire decisions.

Television rights

On 15 January 2008 it was announced that a consortium consisting of India's Sony Entertainment Television network and Singapore-based World Sport Group secured the global broadcasting rights of the Indian Premier League. The record deal has a duration of ten years at a cost of US \$1,026 billion. As part of the deal, the consortium will pay the BCCI US \$918 million for the television broadcast rights and US \$108 million for the promotion of the tournament. This deal was challenged in the Bombay High Court by IPL, and got the ruling on its side. After losing the battle in court, Sony Entertainment Television signed a new contract with BCCI with Sony Entertainment television paying 8, 700 crore (US\$1. 93 billion) for 10 years. One of the reasons for payment of this huge amount is seen as the money required to subsidize IPL's move to South Africa which will be substantially more than the previous IPL. IPL had agreed to subsidize the difference in operating cost between India and South Africa as it decided to move to the African nation after the security concerns raised because of its coincidence with India's general elections.

20% of these proceeds would go to IPL, 8% as prize money and 72% would be distributed to the franchisees. The money would be distributed in these proportions until 2012, after which the IPL would go public and list its shares (But recently in March 2010, IPL decided not to go public).

Sony-WSG then re-sold parts of the broadcasting rights geographically to other companies. Below is a summary of the broadcasting rights around the world.

On 4 March 2010 ITV announced it had secured the United Kingdom television rights for the 2010 Indian Premier League. ITV will televise 59 of the 60 IPL matches on its ITV4 free to air channel.

On April 1, 2011, Rogers Sportsnet announced that it signed a four year exclusive deal in Canada to broadcast 36 group stage matches, 3 playoff matches and 1 championship match on Rogers Sportsnet One.

Sonsorships

India's biggest property developer DLF Group paid US\$50 million to be the title sponsor of the tournament for 3 years from 2008 to 2010.

Other year sponsorship agreements include a deal with motorcycle maker Hero Honda worth \$22. 5-million, one with PepsiCo worth \$12. 5-million, and a deal with beer and airline conglomerate Kingfisher at \$26. 5-million.

Revenue and Profits

The UK-based brand consultancy, BrandFinance, has valued the IPL at \$4. 13 billion (Rs 18, 998 crore) in 2010. It was valued at U\$2. 01 billion in 2009 by the same consultancy.

There are disputed figures for the profitability of the teams. One analyst said that four teams out of the eight made a profit in 2009. While the London Times said that all but Kings XI Punjab made a profit. In 2008, Kolkata Knight Riders is the most expensive team followed by the Mumbai Indians but unable to make it into the semifinals despite being the favourite.

In 2010, the IPL expects to have 80 official merchandising deals. It has signed a deal with Swiss watchmaker Bandelier to make official watches for the IPL.

According to a recent study by a UK-based brand valuation consultancy, the brand value of the IPL has more than doubled to USD 4. 13 billion (over Rs 18, 000 crore) from USD 2. 01 billion in 2009.

The franchises have been a part of this growth. Chennai Super Kings, who were ranked fourth last year, has emerged the most valued franchise in 2010. The CSK franchise has moved up the ladder to number one with a valuation of USD 48. 4 million. The Kolkata Knight Riders co-owned by Bollywood actor Shah Rukh Khan comes in second with a valuation of USD 46 million and the Rajasthan Royals, co-owned by Bollywood actress Shilpa Shetty comes in third with USD 45. 2 million. The Royal Challengers Bangalore, owned by Vijay Mallya, is ranked fourth with a valuation of USD 41. 9 million and is followed by the Mumbai Indians (USD 40. 8 million), Delhi Daredevils (USD 40. 5 million) and Kings XI Punjab (USD 36. 1 million). The Deccan Chargers are at the base with a valuation of USD 34. 4 million.

5 Data Analysis:

In this chapter I will analyze the collected data, utilizing a within case analysis each of my three research questions.

5. 1 RQ1- Objectives:

In my conceptual frame work Shank (1999) lists six xommon objectives fro sports sponsorship, objectives, that are also frequently used by other researcher such as Amis and Slack and Pope. This six objectives are https://assignbuster.com/critical-investigation-into-research-background-and-sportevent-sponsorship/

awareness, relationship marketing, reaching target markets, image building, competition and sales increases.

Furthermore in my conceptual framework, sherry (1998) emphasizes the importance of the public relation factors as a sponsorship objective.

5. 1. 1 DLF

Of those objectives mentioned in the section above DLF belives that image building, in terms of associating themselves with successfull sports like cricket and an event like IPL, with broad public interest and awareness, would be beneficial from an image point of view. Another image related objective is that DLF feels that sponsoring IPL is a way of supporting country economy and cricket infrastructure.

As DLF is in building and construction business it can attract the customer from other countries. Cricket is not only popular in India is also equally popular in many develop countries like England, South Africa, Australia, Newzealand, Canada. Apart from this developing countries like Pakistan, Srilanka, Bangladesh, Kenya are involved with great in big terms. It is a very big market for DLF to explore and growth.

The one objective that DLF differ from shank's (1999)stated objectives are competition. DLF does not make their sponsorship decisions based on possible threats from competitors and risk of ambush marketing. In accordance with Sherry's (1998) theories are the facts that DLF rates the possible media coverage high as a sponsorship objective and that the company values the opportunity to participate in events with IPL, that could be the company of the comp

give positive public relation effects. An example of such an event could be IPL signs a high profile players like Shachin Tendulkar, Jaque Kallis, Watson, Pollarad, Gayle, Malinga. This creats an opportunity for DLF to take advantage of to achieve positive PR.

5. 1. 2 Indian Premier League

Like the sponsoring company DLF and hero Honda, the sports entity IPL also rates image building objective quite highly. IPL aims to strengthen its own bran by associating it with other strong brands in a sponsorship relation.

From Image point of view, success for IPL in a sports perspective is also important, since it strengthens the brand and makes them attractive for sponsors. Success from a sports perspective also leads to increased media coverage, which is important both for IPL and for the sponsors since it provides increased brand exposure.

In line with (Shanks 1999) objectives, IPL relates relationship marketing as an important objective. IPL treats its sponsors as business parteners and provides setting for interacting between different sponsoring companies as well.

Revenue or sales from the sponsoring is vital as an objective for IPL, since most of their annual turnover is derived from various sponsorship deals. To contradict Shank, IPL has no clear objective for sponsorship when it comes to generate awareness or to reach new target markets. Neither is sherry's (1998) public relation objective of any importance for IPL.

5. 2 RQ 2- Selection

As stated by brassington and Pettit (2000) in my conceptual frame work a sponsorship decision is based on the following factors: relevance, length of impact, uniqueness, spin off promotion and compability. For the selction of which type of sports entity, shank (1999) separated sport entities in athletes, team, leagues/sports and events

5. 2. 1 Sponsors: DLF, Hero Honda and Sony Entertainment

Sponsors of IPL got two main considerations in the selection process is that the sponsored sports entity should be in a sport of general public interest, which is coherent with what Brassington and Pettit (2000) states about relevance, and the long term impact. DLF, Hero Honda and Sony wants sign sponsorship deal over the course of three years at the time. The importance of the long term impact is also in accordance with brassington and Pettit.

The factor of uniqueness in the sponsorship and maybe being the sole sponsor is also of importance for the IPL sponsors, as it is for Brassington and Pettit. DLF also states that the image compatibility between the company and the sponsored sports entity is essential and it should be natural the encounter the company's product in context of the sponsores sports entity. This is also in accordance with Brassington and Pettit Theory.

The principle on which DLF decides for which types of sports entity to sponsor, is in accordance with shank's (1999) theory since DLF does not sponsor individual athletes, due to the risk of image problems to could occur from inappropriate behaviour from athlete.

5. 2. 2 Indian Premier League

The main consideration for IPL in the selection process is that the deals are done on a long term basis at least three years at a time. As IPL sees it the main reason for companies to sponsor them is because they want to strengthen their image and please their customers, supplier and employees. All this in line with Brassington-Pettit (2000)

In IPL they believe that having a sole title sponsor could both good and bad. To have one sole sponsor could close down possibilities for other who want to sponsor but it can also mean a long term security, which is in accordance with Brassington-Pettit. It is also of importance with the major sponsor that they share the same vision and strives towards the same goal, which is not an issue brought up in an theory.

It does not have to be an exact match between the sponsor and the audience but the sponsoring company cant be one that have a bad reputation or who are risk of getting bad publicity, which contradicts theory of Brassinton-Pettit. The location of the sponsored companies head office is not of great importance.

5. 3 RQ 3- Effect Measuring

In the conceptual framework I have relied mainly on Meenaghan's (1983) theory on how to measure the effectiveness of sport sponsorship. The theory consists of four methods. The four methods are measuring the sales effectiveness from the sponsorship. Furthermore I will support Meenaghan's theory with the three step method of evaluation developed by Bennet in

1999. This method includes measuring the effectiveness regarding https://assignbuster.com/critical-investigation-into-research-background-and-sportevent-sponsorship/

awareness and position with the desired target market before the sponsorship, detection of changes during the sponsorship and evaluation of the possible changes after the sponsorship.

5. 3. 1 DLF

DLF has not been able to detect direct impact of the sales increase because there are other factors such as the product characteristics and other parts of DLF marketing mix that influence the sales. Therefore they cannot measure the sales effectiveness from the sponsorship; however they believe that the success for the sponsored sports entity such as IPL will help them to strengthen their brand. To be able to measure the communication effectiveness from the sponsorship DLF is looking at the increase of advertising awareness. DLF also states that they are measuring the effectiveness of the media coverage as well as printed press.

In contradiction to Meenaghan (1983), DLF does not measure the effectiveness regarding the sponsorship objectives according to DLF. They can not detect if their exits a localloyaltytowards their brand either, due to the same reasons as it cannot detect sales is dependent on the sponsorship.

DLF states that it is hard to be detect changes during the sponsorship, but to be able to do that DLF are evaluating their sponsorship agreements continuously and are also making a final evaluation in order to see if the sponsorship objectives have been reached.

5. 3. 2 Indian Premier League

In last three year IPL is been very successful and it's been one of the hot topic in the sports industry now. According to the theory if IPL is successful during the season they can detect increased sales, which is considered to be new sales effectiveness of the sponsorship. Regarding the measurement of media coverage, IPL receive monthly statistics from Sony entertainment. Which is an important tool for them to measure the media coverage effectiveness from the sponsorship. When it comes to measure the communication effect, IPL are looking at how well the relationship between the organization and their sponsors are working this is made continuously throughout the season.

In contradiction to meenaghan, IPL cannot measure the effectiveness regarding the continuing appropriateness of the sponsorship over time. This is because it is too hard to measure according to IPL. However they believe that the sponsorship can derive a local loyalty towards a brand such as DLF.

6 Finding and Conclusions:

This chapter will present the research finding and will come to a conclusion

Research indicates that there exist several forms of objectives regarding sports sponsorship. My research shown that both of the entity is highly after image building and increasing its sales. Along with that relationship marketing, media coverage was an important issue for the both entity.

The sports entity in the case study, sees it as an important objective to create anenvironment for companies to strengthen and build relationship in

the context of the sponsorship and from the sponsoring side, this opportunity of relationship marketing is an important sponsorship objectiv