

The sponsorship of sporting events in general marketing essay



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This chapter overlooks the current literature on the subject of ambush marketing highlighting the main theoretical ideas and theories whilst identifying previous studies on sponsorship recall.

Sponsorship

The sponsorship of sporting events in general is one of the most lucrative opportunities available to companies in the current economic climate.

Over the past two decades, corporate sponsorship has exhibited sizeable growth as a marketing communication tool. Corporate sponsorship, in particular the sponsorship of sport, has offered marketers a viable means to target consumers, and as a result the medium has gained a reputation for its ability to influence consumer behaviour (Tripodi Et al. 2003: 435).

Despite a lack of uniformity in definition, Tripodi suggests that 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: Sponsorship can be defined as 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 (Tripodi 2001: 02). Whilst being seen as an indirect/disguised attempt to persuade, unlike advertising this is seen as direct with an overt intent to persuade (Mason K 2005).

Due to increased market competition and cost associated with sponsorship, return on investment is increasingly the fundamental concern of corporate sponsors (Stotlar, 2004; Sweet, 2002 cited from Cianfrone and Zhang 2006: 324).

As suggested by Mckelvey and Grady (2008) a typical sponsorship package may involve; the sponsor buying various rights including event title or category rights, signage rights, rights to specific designated emblems and logos, rights to use the word “ official,” rights to specific event advertising, promotions, and publication inclusions, and certain first-option rights. The specific rights vary according to the size and nature of the event and the specifics of the contract. This gives a variety of opportunities for ambushers to exploit.

The sponsorship of sports events is a special form of sponsorship, where internationally, 80% of all sponsorship spending and 94% of all sponsorship agreements involve sport (Kolah 2003 cited from Seguin et al. 2005: 217). Companies are able to reach their target groups in an attractive sporting setting, whilst at the same time being able to reach thousands of spectators. This sponsorship of attractive sporting events is considered an effective marketing tool. It is regarded as particularly effective for raising awareness and improving image. For this reason, more and more companies are looking for ways to engage with event sponsorship. With the sponsorship of events

becoming increasingly attractive companies now look for any way possible to be associated with mega events (Nufer and Buhler 2010: 306).

Seguin et al (2005: 217) states that the constant growth of global investment in sponsorship demonstrates its importance in this regard, large sport properties such as the Olympic Games and the FIFA World Cup have gathered significant resources through sponsorship by offering opportunities to corporations guaranteeing ' exclusivity'. This suggests that this idea of ' exclusivity' creates much interest in sponsorship leading to the increase in investment required, as well as an opportunity to be exploited.

Portlock and Rose (2009: 273) identified a number of factors driving the adoption of sports sponsorship as a cost-effective marketing strategy. The rising popularity, globalisation and professionalism of sport have increased television and media coverage of sponsored events, and consumers are increasingly accepting of this commercialisation. These events give access to major media audiences for sponsoring brands, but suggest that increased amounts of sponsorship may potentially devalue such sponsorship opportunities.

As sponsorship's popularity has increased, so too has competition to secure and protect sponsorship rights (Hoek & Gendall 2002: 73). This has meant that over the last 20 years the practice of ambush marketing has come into mega events more commonly; with sponsorship and relationships with sporting events becoming big business sponsors cannot afford to miss out. When an event is as successful as the modern Olympic Games for instance it is little wonder that many companies would want to find a way to take

advantage of the Olympic Games effect, this includes seeking alternative marketing routes to achieve all benefits without paying large fees for official sponsor status (Davis 2008). This is also extremely visible at FIFA World Cups as the rights to secure major event sponsorships have become more expensive, ambushing problems increasingly confront the organisers, to the extent that they now have to be prepared for marketing guerrillas (Beech and Chadwick 2007).

The increasingly used technique of ambushing is being used to great effect in sport, in turn making the issue of sponsorship rights a major issue in modern day events sponsorship (Guy Masterman. 2009).

Event marketing has thus been divided into two groups: the official sponsors and everyone else. Because of the hefty financial obligation associated with becoming an official Event sponsor, companies that do not have money are left to find alternative forms of marketing in order to associate themselves with global sporting events (Robinson and Bauman 2008: 293).

What is Ambush Marketing?

Ambush marketing is a fairly new concept in marketing, where research into the subject has become an area of considerable interest over the past twenty years, as increasing amounts of companies opt to take up this revolutionary marketing activity. Although much has been written about “ambush” marketing, considerable ambiguity surrounds this term and its status (Hoek and Gendall 2002: 2191).

From the earliest definitions of ambush marketing as a derogatory term involving ‘ unauthorized’ practices, has emerged not only an acknowledgement of the considerable vagueness that surrounds the concept but also a conceptual framework of ambush marketing that more accurately reflects the balancing of sponsors contractual rights against the rights of non-sponsors to maintain a market presence during an event through legal and competitive business activities (Mckelvey and Grady 2008), Although it has been cast as an “ amorphous concept” by academics such as Watal (2010). Along with being branded as a somewhat devious, unethical tactic, and an unfair marketing practice by authors Sandler and Shani. Despite this recent work has recognised its place as a legitimate marketing strategy (Sandler and Shani 1998).

Ambush marketing can be broadly described to encompass activities that exploit the publicity value of an event. This can be seen as an attempt by a company to cash in on the goodwill or popularity of a particular event by creating an association between itself and the event without permission from the relevant organisation and without paying the fees to become official sponsor (Vassello et al. 2005). In a narrow sense, ambush marketing refers to the direct efforts of one party to weaken or attack a competitor’s official association with a sports organization acquired through the payment of sponsorship fees. In a broader sense, rather than such direct and intentional misrepresentation, ambush marketing refers to a company’s attempt to capitalize on the goodwill, reputation, and popularity of a particular event by creating an association without the authorization or consent of the necessary parties (Schmitz 2005: 205).

Schmitz explanation is supported by Tripodi and Sutherland (2000: 413) who state ambushing strategies allow companies to circumvent competitors in achieving communication objectives. At the very least, ambush marketing creates confusion in the consumer's mind which may deny the legitimate sponsor recognition for its investment. Others such as Crompton J (2004: 01) suggest that ambushing has also been termed ' parasitic marketing' because detractors argue that ambushers are obtaining nourishment from the host event without giving anything in return.

Crompton (2004: 01) considers the opportunity for ambush marketing activities arises because there are usually multiple entities involved in the staging of a sporting event. These may include a variety of aspects such as the media and merchandise licenses, individual athletes and the overall association with the event itself, all of which offer potential sponsorship opportunities. Each of these entities has the right to sell sponsorship. This makes it almost inevitable that there will be conflict between competing companies all of which have legitimately paid for sponsorship rights with one of these entities.

This proliferation of entity sponsorships has been described as the biggest challenge facing sponsorship as a medium, and indeed perhaps the major contributor to sponsor confusion, an environment in which ambush marketing is able to thrive (Meenaghan, 1998).

Ambushing itself is now recognised as common practice in the sports industry; it has become an alternate strategy to purchasing official sponsorship status with a property (Seguin et al. 2005: 218) and can be

achieved in a variety of ways from direct ambushing activities such as ‘Predatory ambushing’ which is the direct attack of a market competitor, intentionally attacking their official sponsorship in an effort to gain market share, ‘Associative ambushing’ consisting of the use of imagery or terminology to create an allusion that an organization has links to a sporting event without making any specific references to it and the idea of ‘unintentional ambushing’ where consumers identify non-sponsors as the official sponsor (Burton and Chadwick 2009).

In suggesting that ambush marketing is a continuum of activities that vary in the extent to which both legal and ethical limits are infringed; the following ambush strategies have been identified: (1) sponsorship of the media coverage of the event; (2) sponsorship of a subcategory within the event coupled with aggressive promotions; (3) Sponsorship-related contributions to the ‘players pool’; (4) engagement in advertising that coincides with the sponsored event; and (5) use of miscellaneous ambushing strategies that serves as a catch-all for a wide range of highly imaginative strategies to associate themselves with a particular event (Meenaghan 1998 cited from Mckelvey and Grady 2008).

These strategies encompass a wide range of different actions, including the use of simultaneous promotions, purchase of sub-category rights, and misappropriation or forgery of trademarks available only to official sponsors, as well as companies that advertise or run promotions during a competitor’s sponsorship are considered ambushers, particularly if they use media spots during broadcasts of the sponsored event (Sandler and Shani, 1989; Graham, 1997; O’Sullivan and Murphy, 1998, Cited from Hoek and Gendall 2002: 74).
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All these communication tactics are used in the intention of stealing the show from official sponsors and competitors (Farrelly et al. 2005: 341) by deflecting the audience's attention to themselves and away from the sponsor effectively ambushes that event. Robinson and Bauman (2008: 293) also support the interpretation that ambush marketing is solely a company's attempt to attract some of the audience's attention away from the official sponsor towards itself, whilst labelling it as the most common type of alternative marketing activity.

The ultimate consequence of any deflection may be that consumers mistakenly attribute sponsorship of an event to the ambusher, rather than to the true sponsor (Hoek and Gendall 2002: 2192). In this context ambush marketing can be viewed as not only those activities that are aimed specifically at undermining a competitor's official sponsorship of an event, but also those activities that seek to associate a non-sponsor with the sporting event itself (Mckelvey and Grady 2008).

These activities allow ambush marketers to avoid the cost of paying expensive sponsorship fees while gaining the benefits of associating with a sports property at the expense of the sponsor. This renders the practice of ambush marketing as a tempting and attractive alternative to sponsorship (Tripodi and Sutherland 2000: 413).

Combating Ambush Marketing

With ambush marketing becoming progressively popular, ambushed events and official sponsors are looking increasingly more for these ambush opportunities to be limited.

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The escalating price of category-exclusive sponsorship along with poor packaging and presentation to potential sponsors has driven the increase in ambush marketing activity over the past twenty years. (J. Welsh (2002) cited in Portlock and Rose 2009: 274)

As these sponsorship fees demanded by events owners increase, marketers find the asking prices outside their budgets they are forced to look for communication alternatives. It is increasingly evident that ambush marketing is working and that it devalues corporate sponsorship of events, highlighting that official sponsors must do whatever possible within their sponsorship agreement of events to minimise ambushing opportunities (Tipodi and Sutherland 2000).

The debate over ambush marketing is further clouded by questions regarding its legality, because “ purely defined, it does not involve traditionally illegal activities as trademark infringement or manufacturing of counterfeit goods” (Vassallo Et al. 2005).

Seguin et al. (2005: 221) report on the 2000 Olympic Games supports previous research on ambush marketing, that purchase decisions are affected by ambushing activities reducing the value of sponsorship commitments with the games itself. This supports the view that ambush marketing has the potential to destroy sponsorship opportunities with events such as the Olympics whilst highlighting that many consumers are un-aware of ambush marketing tactics increasing the view that ambushers must be contested. Despite this Farrelly et al. (2005: 341) suggests different, Farrelly believes ambush marketing can not necessarily be a threat to official

sponsors, and that they could use these attacks to their advantage by drawing attention to issues such as legitimacy.

When event organizers are confronted by ambush marketing campaigns, particularly those that impact upon their official sponsors, they have typically reacted (if they publicly react at all) by denouncing the ambushing company through press releases and the occasional press conference. Drawing attention to an alleged ambush marketer can be a double-edged sword as heightened publicity may benefit the ambush activity more than the official sponsors proposes McKelvly and Grady (2008: 560).

Sandler and Shani (1998) present the idea that Olympic Games organizers have concentrated on enforcing the law or frightening ambush marketers or potential ambush marketers. These organizers have been treating the ambushers as the problem, and fail to recognize that the proliferation of ambush marketing is just a symptom of the underlying problem of consumer confusion. In relation to this official sponsors can sometimes bring pressure to bear on the event owners to introduce anti-ambush marketing campaigns. Organising committees such as the International Olympic Committee has introduced such a program. It now takes the practice of ambush marketing so seriously that guidelines, under which proposals are submitted by countries wishing to host the Olympics, must take into consideration the adequacy of the domestic law in guaranteeing the integrity of rights granted to the event sponsors (Tripodi and Sutherland 2000: 418). Perhaps no tactic of sponsorship program protection has seen a more proactive and arguably aggressive approach than onsite policing of venues. This ambushing control measure may help protect official sponsors, but they can run the risk of not <https://assignbuster.com/the-sponsorship-of-sporting-events-in-general-marketing-essay/>

only drawing negative publicity to official sponsors and the event itself, but also may alienate the very fans who are the reason for sponsoring the event in the first place (McKelvey and Grady 2008).

Although ambushing activities are constantly being taken more seriously commercial pragmatism may, over time, overcome some of the emotion currently associated with the issue of ambush marketing. Meenaghan (1996) (cited from Crowe and Hoek 2003: 09) pointed out that many of the activities previously labelled ambush marketing, competitive advertising during and around sponsored events for example, are now seen as legitimate activities. This suggests that event owners have accepted that the level of brand competition that exists in other media is also likely to occur in sponsorship and associated activities.

Sponsorship Recall

In the majority of studies undertaken to date there has been focus on whether the ambushing sponsor is recalled over the official sponsorship of the event.

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 sponsorship recall (Gwinner 1997: 146).

With the use of sales figures as an indicator of sponsorship effectiveness being highly problematic in consequence to the possible influences of collateral marketing communications inputs, carry-over effects of past

advertising, changing economic conditions, entry or exit of competing businesses, and so on. The results of sponsorship are typically appraised in terms of awareness levels achieved (Bennett 1999).

Correct identification of a company as a sponsor is the initial step for sponsorship effectiveness. This correct identification, or awareness, has usually been measured by recall and/or recognition. Several researchers have indicated that brand recall and recognition rates have moderate to high associations with intended and actual consumption of brands (Cianfrone & Zhang 2006: 327). With respect to the marketing purposes of sponsorship, there is the need to create awareness of the brand, favourable attitudes towards the brand, and actual purchase. Leaving commercial effectiveness to be measured under two surrogate measures, brand recall (awareness) and brand preference (favourable attitude) (Nicholls et al. 1999).

Corporate managers often invest in sponsorship as a means of associating a company, its name or its brands, with a particular sport or event (Quester & Farrelly, 1998 cited from Van Heerden Et al. 2003: 133). The strength of that association can be measured through a recall study, which may serve as one of the measures of sponsorship success. Pham and Johar (2001) have called identification by recall or recognition “ one of the most important measures of sponsorship effectiveness”. However Meenaghan (2001) argues that Recall and recognition measurements are useful only as preliminary measures of sponsorship’s advertising effectiveness because they do not provide an understanding of the relationship between consumer engagement and sponsorship.

Brand awareness is a basic concept behind most brand-related goals that aim at marketing goods and services, such as positioning or brand image. If awareness is the main sponsorship goal for a company, the key question at the end of the day is how well the recipient does remember the sponsoring firm? (Grohs Et al. 2004: 121). Studies, for instance the longitudinal studies by Sandler and Shani (1989, 1993, 1998 cited from Seguin O'Reilly 2008) have consistently found that the level of consumer confusion is high and that companies active in ambush marketing usually perform better than companies that choose not to implement such strategies. Others such as Deimel 1992; Walliser, 1995, Hackforth 1995 (cited from Nufer and Buhler 2010: 306) suggest most studies measuring the effects of sports sponsorship appraise the recall value for specific sponsors using both aided and un-aided recall methods. Crompton (2004: 06) questioned the effectiveness of recall studies by suggesting that such studies are “ notoriously faulty”, he then went on to argue that a brands popularity is recalled rather than the actual association of the company with the event.

From redefining ambush marketing as ‘ promotional activity of a brand timed to coincide with a major sporting event’, Portlock and Rose (2009: 275) assume that consumers can distinguish between the marketing activities of sponsoring brands against other brands. From here they base the idea of ‘ event-connected brand recognition’; ‘ the consumers ability to correctly classify a brand in terms of its relationship to the event’. They then use this to employ a pre and post event design that aims to track consumer recall of pre designated brands both aided and unaided. Aided recall also termed as recognition provides respondents with a list of commercial sponsors from a

certain event, some correct and incorrect, and asks them to select the actual sponsors. The belief is that if the person is able to correctly identify the sponsors, this indicates they have a considerable interest in the message or event. Several studies have examined the effect of repeated exposure to spectators of the stimulus of a sponsor's message as a mechanism to enhance the person's familiarity with and positive affinity for the stimulus (Maxwell and Lough 2009).

There are numerous existing studies that examine the effects event sponsorships can have on brands and products. Nicholls et al. (1999) analysed brand preference and brand recall for the Ryder Golf and Lipton Tennis Tournaments. They concluded that the brand preferences and brand recall was based on the attributes of the products themselves. Brands promoted in the media during the tournament have a high recall, but a low preference rating. Therefore it can be suggested that brand recall is associated with advertising and promotion during the event, while preferences reflect a judgement of how the brand performs vis-a-vis consumers' expectations and past experience (Barros Et al. 2007: 161).

Sponsorship is attractive to corporations since it offers the possibility of advertising and possible association with a charitable cause, as well as bringing entertainment and enjoyment to those who watch the event.

Sponsors recognize that spectators at a sports event are in a special category because they are exposed to promotional messages under favourable conditions where there is enthusiasm, excitement, and

enjoyment. Consumers at sports events tend to be relaxed and naturally

receptive to viewing that event. However, some researchers question this
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idea, believing rather that spectators are so preoccupied by the event that they fail to absorb sponsors' messages (Marshall and Cook 1992).

Consumers who are asked to identify the sponsor of an event may assess the likely associations between the event and alternative sponsors. Various streams of research indicate that such associative judgements tend to be based on a heuristics of relatedness. Categorization research suggests that instances are assigned to categories on the basis of the overlap between the attributes of the instance and those of the category (Johar and Pham 1999).

With literature and ambushing incidents becoming even more common the effectiveness of this marketing opportunity needs to be assessed using sponsorship recall.

Conclusion

With sport sponsorship regarded as a cost effective marketing strategy whilst accounting for around 94% of all sponsorship agreements (Kolah 2003 cited from Seguin et al. 2005: 217), it is in no doubt companies who miss out on sponsorship of events will go to any means possible to associate themselves with these global mega events.

With ambush marketing seen as a fairly new concept over the past twenty years, it is more than likely its popularity and practice will increase in the current economic climate. As sponsors who miss out on lucrative events sponsorship agreements will look to create more and more ways to impact the variety of sponsorship entities available surrounding sporting events.

With ambush tactics changing and increasing it is therefore necessary to

assess which tactic is most effective (official sponsorship or ambushing activities) using sponsorship recall methods.

Events organising committees and official sponsors have a huge problem when it comes to ambushing parties. With committees looking to do whatever possible to combat these ambush tactics they must be careful not to undermine the event itself as well as exposing the ambushing company to the public, as this can be seen as a successful ambushing practice to the organisation involved.

Overall with ambushing becoming more popular and the amount of money being paid for sponsorship agreements increasing, it is in no doubt that it needs to be established whether paying a small fortune for events exclusivity is worthwhile or whether ambush marketing is stealing the show.