

An understanding of sports sponsorship in india



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1. Introduction

The boost in competition, produced by the globalization of markets, had made the marketing mix a key factor for companies to be successful, or even to stay alive (Hollensen, 2003). Promotion has become ever more useful to have an effect on consumers' attitudes and behaviour as a part of the marketing mix. Conventionally, promotion was consisted of advertising, PR and sales promotions (Vignali, 1997). Nevertheless, in modern years, there has been a substantial improvement in sponsorship of organasations and events in the fields of the sports, arts, social aid and broadcasting. This improvement has placed sponsorship at the same level of significance than most conventional promotion tools, particularly advertising (Lardinoit and Derbaix, 2001). In 2004, as per the projections, global spending in sponsorship was estimated to reach US \$28 billion (from \$23. 6 billion in 1999 and \$2 billion in 1984), of which 69% relates to sporting events (Meenaghan, 2001). Sponsorship is a business-related activity where one party allows another a chance to utilize an association with a target audience in exchange for funds, resources or services. Sponsorship activities are used by organisations in a various ways to create brand associations, awareness and to penetrate through the clutter of commercial messages (Fill, 2009). Sponsorship can also be defined as " an investment in cash or kind in an activity, in return for access to the exploitable commercial potential associated with that activity. The company promotes its interests and brands by tying them to a specific and meaningful related event or cause" (Rowley and Williams, 2008).

Sponsorship investment primarily was perhaps seen as a type of philanthropy; the sponsors may be expecting simply goodwill or nothing as a return (Quattrocchi, 2004; Chadwick and Thwaites, 2005). Considerable amount of sponsorship investments were carried out with no precise explanation or business objective except for helping a favourite sport or event (Davies and Quattrocchi, 2002). As a result in quiet few cases, sponsorship has been talked about as a kind of corporate philanthropy that is the company's share of profits restored back into community (Polonsky and Speed, 2001). Though, lot of researchers affirmed that corporate philanthropy that used to be ascertained as a pure dedication to the community did look for circumlocutory benefits in corporate image, positive attitude towards the company or social recognition in the community, which similar to desired objectives of business sponsorship nowadays (Martnez et al. 2005).

Sponsorship investment has been escalating quickly for many years and sport is the biggest area that has been used by sponsorships (Drewer, 2006). Numerous researchers have been produced to reveal how sponsorship works and how its results could be evaluated hypothetically, but the questions still remain debating (Cornwell et al. 2005). Sport has developed into a professional product or a service over the years. The increasing relevance in professional sport has turned it into a productive business, producing great revenues annually (Mason & Cochetel, 2006). Sport players and games have become commercial possessions offering companies new occasions to communicate and develop their brands (Morgen, 2004). Given the verity that sport sponsorships are usually more profitable compared to art or social

cause sponsorships (Walliser, 2003), it can be concluded that sport sponsorship is an instrument of communications that ought to be given serious thought as a business investment. The allocations of limited resources with the purpose of attaining definite organisations' objectives are important segments of sport sponsorship (Slack and Bentz, 1996). Therefore, it has repeatedly been described as a strategic activity in the marketing literature (Carter, 1996).

Sport sponsorship can be defined as “ exchanging money or products for the right to associate a brand or a product with a sporting event or organization” (Shank, 1999). Sport sponsorship originally emerged in the Roman Empire, when Roman patriarchs sponsored gladiator games and chariot races. Two companies sponsored the American president Eisenhower's physical programme in 1950s and that was the one of the modern-era sponsorship deals (Shannon, 1999). During the time when government got aware of the health and social benefits resulting from sports, it started sponsoring sport events. Business companies, at the same time, also started getting involved in sponsorship activities and sponsored important events like the Olympic games and national leagues. But, the major enhancement in sponsorship took place between the mid-80s and 2000.

The definition of sponsorship still is developing as the organizational goals of this kind of promotional medium continue to be shaped. MuUin, Hardy, and Sutton (2000) define sport sponsorship as “ the acquisition of rights to affiliate or directly associate with a product or event for the purpose of deriving benefits related to that affiliation or association.”

2. Literature Review

2. 1. Sponsorship: A brand strategy

It has been broadly argued that sponsorship can be used as the chief driver for a brand's tactic. " Companies strive to build powerful brands with high value in the marketplace, sponsorship can serve as a tool for supporting brand management objectives" (Papadimitriou et al., 2008). Numerous authors have recommended, by saying that " effectively managed sponsorships can be a distinctive which in turn enables the sponsor to gain a competitive advantage" (Fahy et al., 2004). This benefit is emerged as long as new associations and meanings are provided to the brand so that the judgments and feelings of consumers towards it are changed. In result, it is ultimately expected that this will influence the behavioral response. Though, it has been extensively argued " effectiveness of sponsorship depends on active management, appropriate and adequate leveraging and long term agreements which follow time for strong associations to be developed between events and brands" (Papadimitriou et al., 2008). It is continued that sponsorship is further successful when determining " co-marketing alliances". It is also implied that strategic compatibility, " the extent to which an alliance partner has complementary goals", is important for when considering the factors like goal convergence, trust, commitment, satisfaction and while making decisions (Farrelley and Quester, 2005).

2. 2. Advantages of Sport sponsorship

The most important advantage from sport events and clubs sponsors, is that it changes people's opinion which pictures a product or a brand as young,

healthy, energetic, vibrant, fast and masculine when it sponsors a sport club or event as shown in figure one, based on Meenaghan and Shipley (1999).

FIG. 1

Sports

Highbrow Arts

Mass Arts

Social causes

Environmental Programmes

Healthy

Young

Energetic

Fast

Vibrant

Masculine

Sophisticated

Elite

Discriminating

Up market

Serious

Pretentious

Young

Accessible

Friendly

Current

Innovative

Commercial

Admirable

Concerned

Caring

Intelligent

Explosive

Caring Concerned Exploitive

Sport sponsorship has the power to communicate with a young and underage population that could not be reached in the equal level through advertising and other conventional mass-media mediums. The altitude of fan involvement has assumed to be crucial for sponsors as extreme supporters

of the sponsored sport are most expected to recognize the conveyed image (Meenaghan, 2001).

2. 3. Disadvantages of sport sponsorship

It must be known that there is an intrinsic risk related with any sponsorship. The performance of the athlete or a team cannot be predicted when getting involved into a sport sponsorship agreement, thus it is difficult to estimate how the target audience will perceive the event. As most of the things are situated in the external environment of the firm, the sponsorship cannot be seen as resource over which the company could have total control (Amis et al., 1999). A proper strategy has to be developed, the agreement has to be signed and this tends to be a long process (Jensen, 1994). Discontinuation causes propositions for the evaluation of sponsorships (Copeland et al, 1996), as building sponsor recognition with an event often takes time (Pope and Voges, 1997). It is essential to build up long-term sponsorship partnerships because it is not easy to assess short-term results.

2. 4. Corporate Involvement

Sport sponsorship can vary from grass roots participation to regional, state, national and international events such as the Cricket tournaments, Soccer tournament and the Olympic games. Considering the fact that evaluating the financial benefits of sport promotion remains complex, important concerns must be made clear. Do firms participating in sport sponsorship really want to be able to relate costs on these promotional ventures to actual sales? It would be expected so given the massive financial commitment some firms are possessing currently. In order to be satisfied that companies are

attracted to such results, the logic following corporate involvement in sports ought to be firstly recognized (Wilson, date: unknown).

2. 4. 1. Sponsorship over advertising

There are numerous benefits a company can get through sponsorship compared to mass advertising (Meenaghan, 2001). For example, sponsorship functions in the course of various cognitive processes than advertising (Harvey, 2001). It keeps the consumer occupied by giving benefit on an activity that the consumer has a deep emotional reaction to (Meenaghan, 2001). In return, the company receives the feeling of goodwill and this influences the attitude and behavior towards the brand. The most vital factor that differentiates sponsorship and advertising is the goodwill that the company receives. As consumer's perceptions of a particular product are changed due to advertising, the perception of a certain sponsor is changed by sponsorship (Harvey, 2001).

Sponsorship is accepted more by the public compared to advertising and this is the case also because people know that a lot of events would not happen if there were no sponsorships (Lardinoit and Quester, 2001). In a research, which was conducted to understand the attitudes of people towards 350 companies, the majority positive were those people, who had knowledge of both the activities of sponsorship and advertising. Therefore, the sponsors make an attempt to utilize the event in the media is seen as genuine. The fact is that, TV sponsorship broadcasts that increase the awareness of the relationship may perhaps directly influence the attitudes toward the sponsor. Another fact is also that, those with the utmost participation and the majority

awareness of a sponsor's investment and gain are the ones that are largely pleased (Meenaghan, 2001).

2. 4. 2. The Relationship of Sponsorship and Consumer Attitudes

Companies getting involved in sports sponsorship expect the consumer's positive opinion for the sponsored event will become connected with the company. Then as soon as the opinions are connected, a "halo effect" could then recommend the consumers that the sponsor's services or products are superior to their competitors. Thus this point of view of "good corporate citizen" for sponsoring the event may possibly persuade the consumers to believe that the company produces much better goods. For example, if such exposures are related with the sporting event for which the consumer has a likeness, then there could be a linkage between positive emotional attachments. (Lardinoit and Derbaix, 2001).

An aspect, which could enhance the influence of sponsorship on the attitudes of the consumers, is the convenience of the thoughts or understandings of the attitude. If in the memory of the consumers, the cognitive thoughts/beliefs are well known, then the consumers' attitudes will have a bigger impact (Levin et al., 2001). Therefore for those consumers attracted to specific sporting events, the use of sponsorship by the marketers is beneficial. They can also use sponsorship as a medium to multiply the frequency of exposure of their marketing messages and have bigger impact on consumer attitudes.

2. 4. 3. Sport sponsorship: Distinctive Competence

The important factors a company has to understand are that, image and reputation are resources, which possibly will assure competitive advantage to a firm. Sport sponsorship, on the other, has been revealed to be an efficient medium, which can modify and improve a firm's reputation and image. As a result, it is believed that sport sponsorship must be considered a vital resource that is capable of assuring companies a position of competitive advantage (Amis et al., 1999).

Constructing the study of Hamel and Prahalad (1994) further, it is believed that the process of development of sport sponsorship agreement to a distinctive competence, three component parts must be possessed. A first condition is that the sponsorship must be able to offer a substantial improvement to the perceived customer value of the product or service given by the company and this can be attained by making sure that sponsorship gives a substantial quality or cost advantage (Hamel and Prahalad, 1994). The second requirement is that, the distinctive competence that the company builds up should be exceptional so that the company can be differentiated from its competitors. Finally, the competency developed by the company should be usable in diverse arenas: it ought to be extendable. In this respect, it is essential for firms to get away from the oft-held picture of regarding a specific sponsorship as being beneficial merely in a single area.

2. 4. 4. Selection process

The choice of which sport or sports and items linked with them is of substantial significance for companies aspiring to participate in sports sponsorship. Discovering which sport will majorly improve the image of the

company has been noted and is an important concern to prospective sponsors (Martin, 1994). These prospective sponsors have to be cautious in their process of selection, as inherent risks are always involved (Copeland et al, 1996), and ambiguity as to the accomplishment of the sponsorship and what will occur in the future.

Martin (1994) thinks that attaining the 'fit' between the image of the sport and the image of the company subsequently results in the company's image being improved by the transmission of the sport's image to the company. Copeland et al (1996) agrees to Martin recommending that lining up services and products to the images of the standard of living related with sport is one of the medium to improve image of the company.

Observing the things from a little different perception for a moment, it should be taken into account that sports play an effective role in looking for firms to obtain the sponsorship from. The organisers of sporting events could be content in aiming the companies that receive minimum requests. The funds or planned expenditure of these firms and the effect that plays is unknown. Possibly they are not being aimed at since there is an opinion that these firms either are short of capital or lack the interest to participate. This is surely a pure speculation and would have to be investigated more to acquire an accurate explanation of any effect.

2. 5. Sponsorship in cricket in India

Cricket is a sport, but in India it is more of a religion. There are other sports like tennis, football and hockey are also fast catching up. But the viewership that cricket gets is massive and thus lot of companies use cricket as a

medium of creating awareness for their products or services. The Indian Marketing Scenario (IMS) is amongst the largest consumer markets, which is exactly so the reason why numerous multinational companies have been attracted by India (Kumutha et al., 2010). Technological developments in the years recently have generated growth and strengthening of media resources that, in return, has directed to the broader popularisation of sport as a cultural sight (Bernstein and Blain, 2003; Rowe, 2003).

In today's day, coverage of sport looks great together with the offerings of several television and communication networks as the sport-media bond becomes even more close and beneficial.

The position with single most important league is alike across the world, excluding India where the sport, cricket has many leagues. One of the most popular and successful leagues is the Indian Premier League (IPL). This league has got a great response from the followers and as mentioned earlier has tremendous viewership and thus companies irrespective of their sizes have been looking at this league in a very commercial perspective over the past few years (Vig, 2008).

Taking into consideration the success of the IPL, as per the finding of the Indian government's, \$122 million is the sports budget where as the total revenues (Franchises, Broadcasters, BCCI) of the IPL for the year are estimated to be around \$300 million. According to Mitra (2008) the television viewership for the IPL has been the highest TRPs compared to all the other programmes in India, with an average TRP of 7.

2. 6. Conclusions

Around the world, sport sponsorship is now being incorporated within numerous companies' marketing strategies. It has been affirmed that, “there has been a dramatic rise in corporate spending on sport sponsorships in many industrialised countries” (Copeland et al, 1996,). This spectacular increase in expenses can be accredited to the benefits that have been resulting through this type of marketing by multitude businesses. Although there has been a huge deal of literature written on recall and recognition of sponsors, the job of evaluating the financial benefit has remained quite complex. This research intends to talk about the motives of the involvement of the company with sport sponsorship. This study will also try to find the selection process of the company towards the right sports, image and awareness and any complexities they come across during the process of their involvement in the sponsorship activity. This study will also concentrate on cricket as a sport, majority of the companies look at for sponsorship, with the existence of domestic leagues like Indian Premier League (IPL) and it would be interesting to discover the sport sponsorship scenario in India now, especially when India has won the Cricket World Cup 2011 recently.

3. Research Aim

The principal aim of the study is to understand sports sponsorship in India.

With the emergence of domestic leagues such as India Premier League in India (IPL), a large number of companies aspire to get involved with the sponsorship deals in the IPL. With the exceptional fan following, viewership and TRPs towards this form of cricket, it makes it an ideal environment to

investigate even further from the perspective of the companies in India on what instigates them towards sports sponsorship.

4. Research Objectives

The main research objectives can be identified as followed:

To understand how companies perceive sponsorship as a brand strategy.

To understand how companies use sport sponsorship as a distinctive competence.

To understand how companies decide on the brand fit in sport sponsorship.

To understand why companies get involved in sponsorship in cricket in India.

5. Research methodology

5. 1. Sampling

The procedure of choosing units, for example people or organizations representing a population we are interested in, is known as sampling. After selecting the sample a study will be conducted on them. With this study I will practically simplify my findings back to the population from which they will be selected (Social research methods, 2006). I will use quota sampling for my research, as this method allows me to decide on the individuals with specific characteristics and the organisation they would be working in. This method also permits me to decide on the number of people I would like to interview. Quota sampling is also considered to be a kind of purposive sampling. The adoption of quota sampling will permit me to concentrate on

people from various companies who I think will have the experience, good knowledge and insights into my research topic (Mack et al., 2005).

The subjects fitting under my criteria will be each marketing communication managers or marketing heads from eight to ten different companies of the similar sizes involved in sports sponsorship.

It is generally very difficult to get in touch with the marketing communication managers and marketing heads of the companies. But I would be using the contacts that I have in my database, which I had developed during my tenure as a marketing executive in the company known as Green Fire Designs ([www. greenfiredesigns. com](http://www.greenfiredesigns.com)), which is a brand identity company, located in Mumbai, India. With the people I would be successful in reaching, I will use snowball sampling. Snowball sampling is a third type of sampling. With the use of snowball sampling, the marketing communication manager or the marketing head I have possibly been able to contact will refer me to the managers from other companies who they might know (Mack, et al., 2005).

5. 2. Secondary Data

As my research is on sports sponsorship in India and it will be based majorly on the domestic cricket league, which is called the Indian Premier League as it is a very successful and a popular league having a massive response, viewership and high TRPs. My secondary data will be based on the observations through the recordings of the games of the recent season.

These recordings will be available on numerous entertainment websites for example ' [ibollytv. com](http://ibollytv.com)' and ' [youtube. com](http://youtube.com)'. Through the recording of the <https://assignbuster.com/an-understanding-of-sports-sponsorship-in-india/>

games I would be able to see the names of the brands or the companies on the placed across the cricket ground for the maximum exposure. For example the names could be seen in the jerseys of the players, on the equipments of the players, boards across the boundary ropes, scoreboards etc. This will give me choices of various brands and companies who have tried to create awareness through sponsorship during this event. I can list down all the names so that it will be easier for me to know who are the prospect companies I would be approaching.

5. 3. Telephone Interview, venue and timing

After listing down the names of the prospect brands and companies, the contacts I have in my database will be contacted though telephone. I will introduce myself again and give them a brief of my research and would ask them if they would be able to contribute towards my research. Depending on their response, a particular timing and venue which, which most probably will be their offices will be fixed. The same process will be followed for the contacts obtained thorough the method of snowball sampling.

As mentioned earlier, that the purpose of my research is to understand sports sponsorship in India and it will be majorly based on IPL which is currently taking place. This will get over in the month of May 2011 towards the end. I intend to carry out the interviews in the month of June 2011 after this event of IPL is over so that I would be able to discover latest findings and I assume that the marketing communication managers and marketing heads will be accessible more conveniently compared to the time of the sporting event (IPL).

5. 4. Data collection

To acquire a further in depth understanding into the advancement of sponsorship as a unique proficiency I will use a number of brief cases by studying 8 to 10 national and multi-national companies which are involved in sport sponsorship at the national levels. I will conduct semi-structured interviews, which will last for one to two hours with each company's marketing communication manager, marketing head, or other individual personnel who would be responsible for while making important decisions on the expenditure of the sponsorship. I will principally be very concerned and keen on discovering the reason why the company was or is occupied in an agreement of a sponsorship deal, the objectives and the idea behind that deal and what precipitated it. In particular, questions asked will include, but will not be limited to: " How was the sponsorship initiated and who initiated it?", " How was the first contact implemented?", " what were the expectations of the management from the sponsorship?", " what factors determined which sponsorship occasion should the company get into?", " how did the company use the sponsorship?" or " How will the company use the sponsorship", " How was the sponsorship expected to fit into other planned or current marketing initiatives?", " What were the efforts made to influence the sponsorship?" and " What factors will influence the decision to renew or restrain future investment in the area?". The interviews will be taped and soon after it will be completely transcribed to make the process of data analysis easy. Adding up to the information gathered from these interviews, information would also be gathered from the publications of the

company and industry, resourceful documents obtained from the organisations being sponsored and prevalent press articles.