

Lecture 4

Sports Event Sponsorship



Session Aims

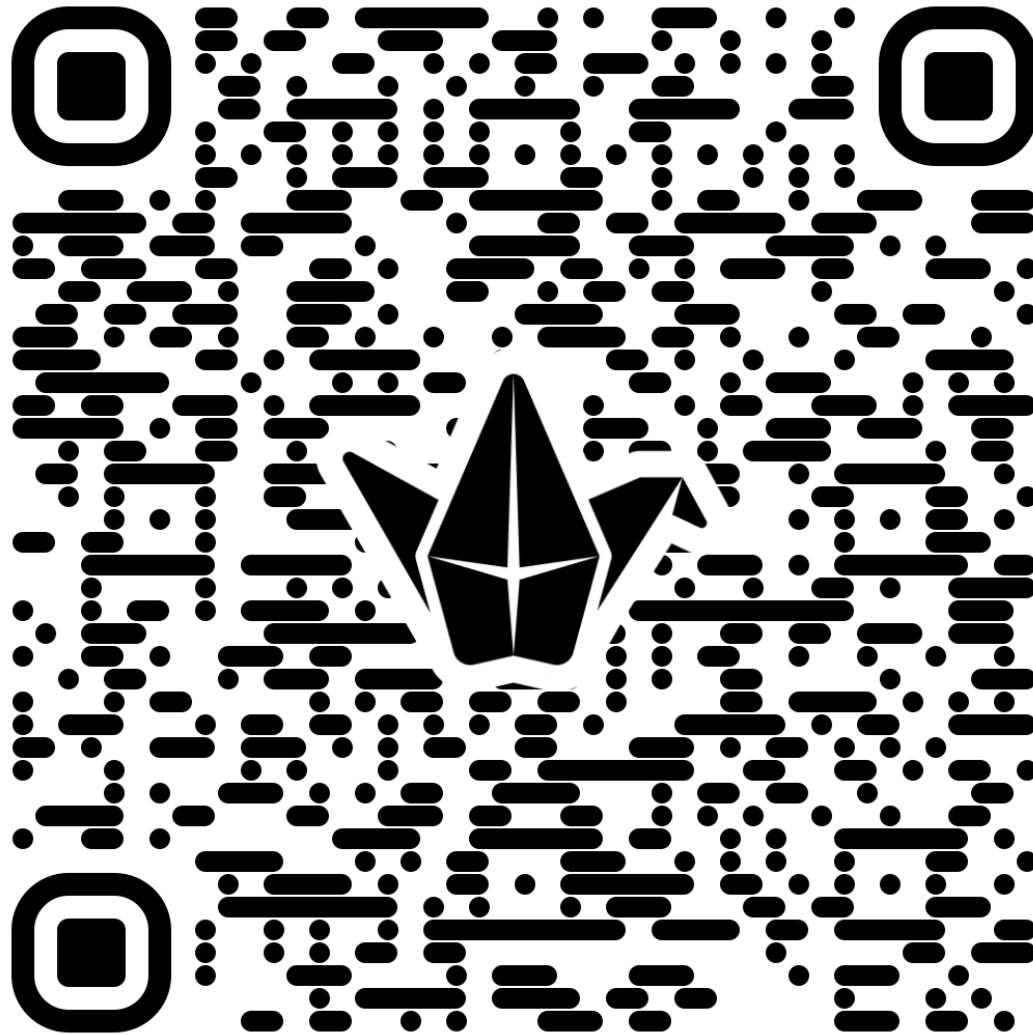
- Understand the role that sponsorship plays in the sports event industry
- Identify the objectives of sport sponsorship
- Identify the critical success factors in the production of sponsorship programmes
- Consider sponsorship alignment

Feedback to Padlet: 10 minutes

What are the objectives of sports sponsorship?

Draw up a list of them for (a) the sponsor and (b) the beneficiary, and try to identify good specific examples.

What different categories of sports sponsorship can you think of?



Schwartz and Hunter (2008) identify six broad categories of sports sponsorship:

1. Sports governing body sponsorship.
2. Sports team sponsorship.
3. Athlete sponsorship.
4. Broadcast and media sponsorship.
5. Sports facility sponsorship.
6. Sports event sponsorship.

Definition

*“Sport sponsorship involves a third party (called **the sponsor**) investing in activities that promote its brand or stature (financial or otherwise), through associating with a sponsors property (called **the sponsee**), and using that association to access, ideally in a compelling way, stakeholders of the sports property,” Foster et al. (2016, p.270)*

Marketing Mix - Promotion

The primary components of an event's promotional mix are:

- Advertising
- Publicity
- Public relations
- Sales promotions
- **Sponsor activation programmes**
- Personal selling
- Licensing
- Incentives
- Atmospheric

(Pitts and Stotlar, 1996; Schwarz and Hunter, 2008; Shank, 2005).

Sponsorship Objectives?

- Build brand image – increase brand recognition.
- Increase brand loyalty.
- Stimulate sales.
- Gain access to a community of potential consumers.
- Create exclusivity.
- Motivate employees.
- Support the community.
- Showcase a country.

Foster *et al.* (2016,p.272)

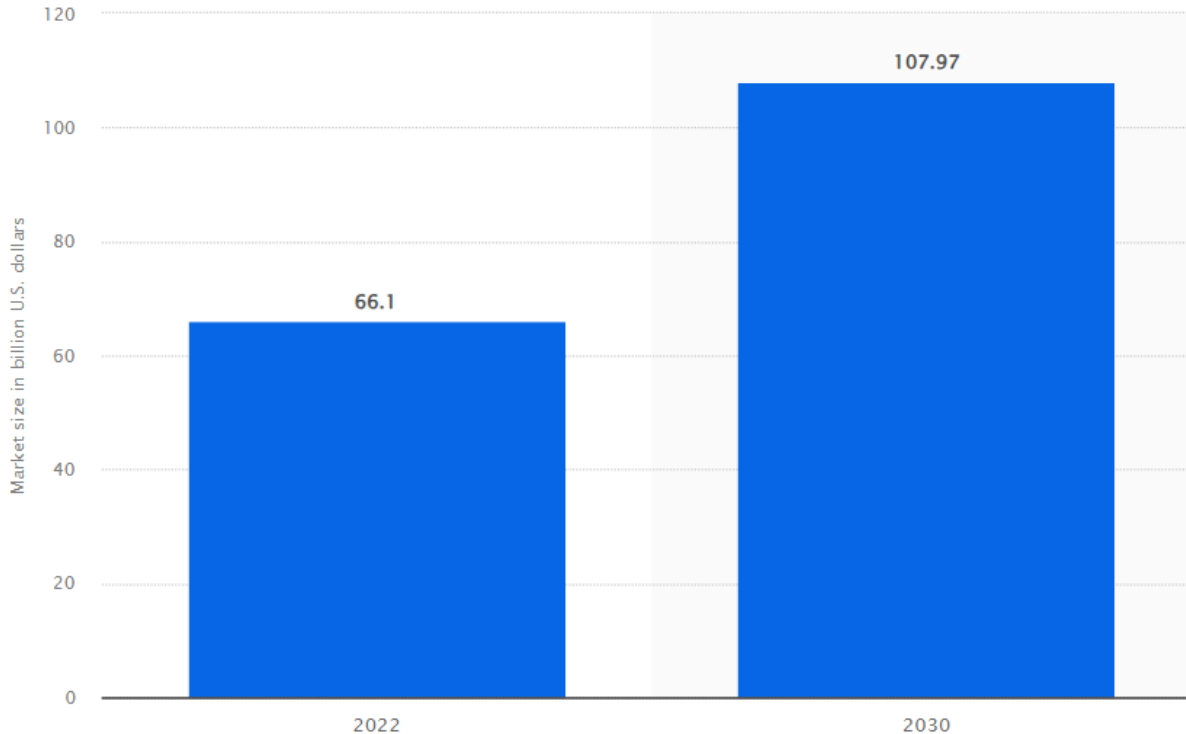
***Can you think of any
good examples?***



Context

- ❑ Global spending on sports sponsorship has grown year-on-year since 1999 (Masterman, 2014).
- ❑ Market worth US\$44 billion in 2009 (Gratton *et al.*, 2012).
- ❑ Sponsorship is increasingly critical to the realisation of events (Masterman, 2014)
- ❑ Sponsorship is the second most important source of income to the global sports market after income from the sale of broadcasting rights (Gratton *et al.*, 2012).
- ❑ Sport accounts for the majority of the sponsorship pie in the US and Canada (Gratton *et al.*, 2012).

Size of sports sponsorship market worldwide in 2022, with a forecast for 2030



Details: Worldwide; Verified Market Research; 2022

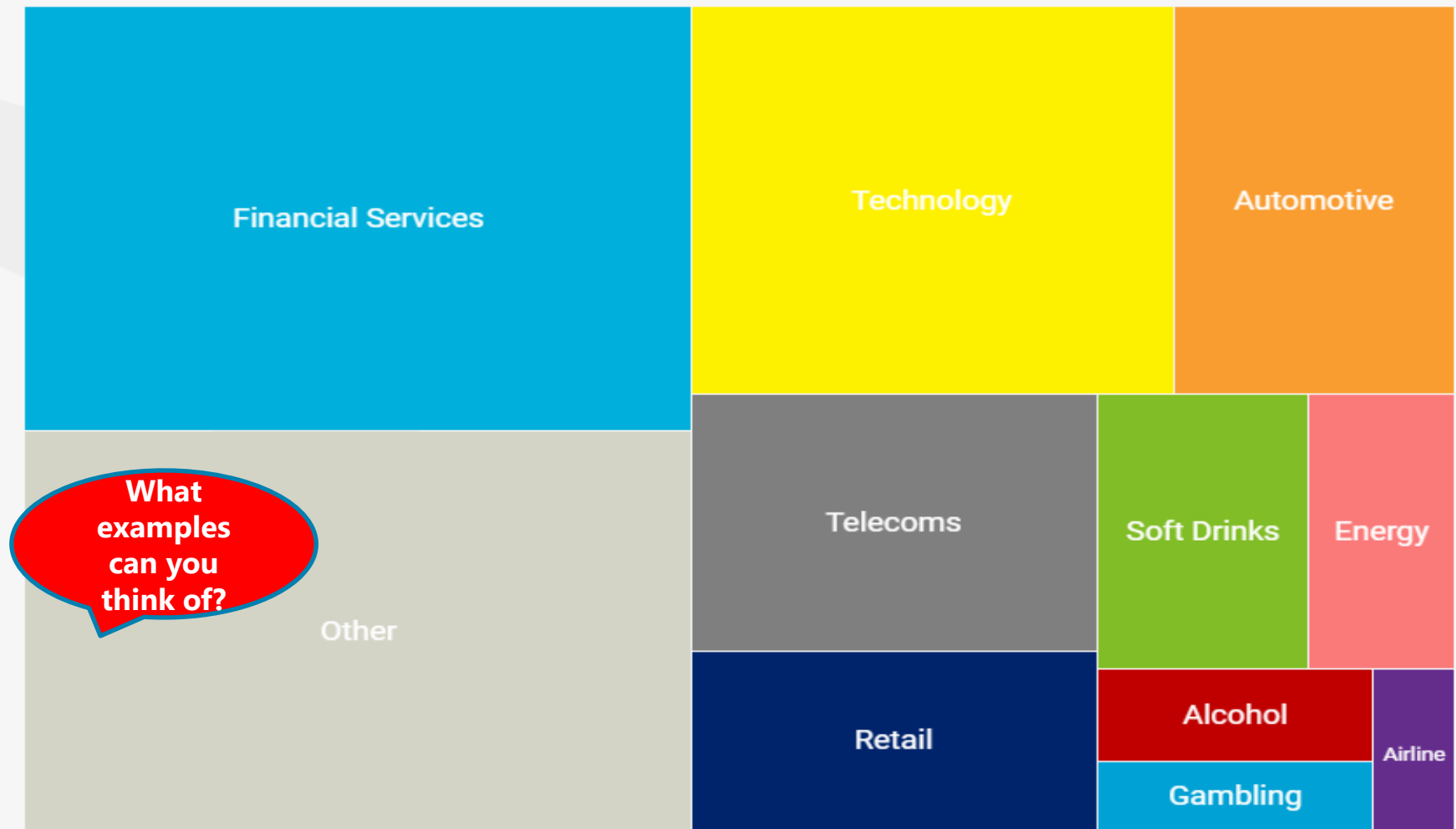
© Statista 2023

Context continued

- ❑ New sport sponsorship deals have been slowing in the UK.
- ❑ 90% of money spent on sport sponsorship in the UK goes on ten key sports, with football and motor sports at the top.
- ❑ Other sponsorship sectors (e.g. arts, music, education) are developing, with implications for sports sponsorship.
- ❑ The rate of growth in other sectors has grown since 2012, whilst for sport it has slowed comparably (IEG, 2013).

Masterman (2014)

Global Sports Sponsorship Spend by Sector (2020, projected)



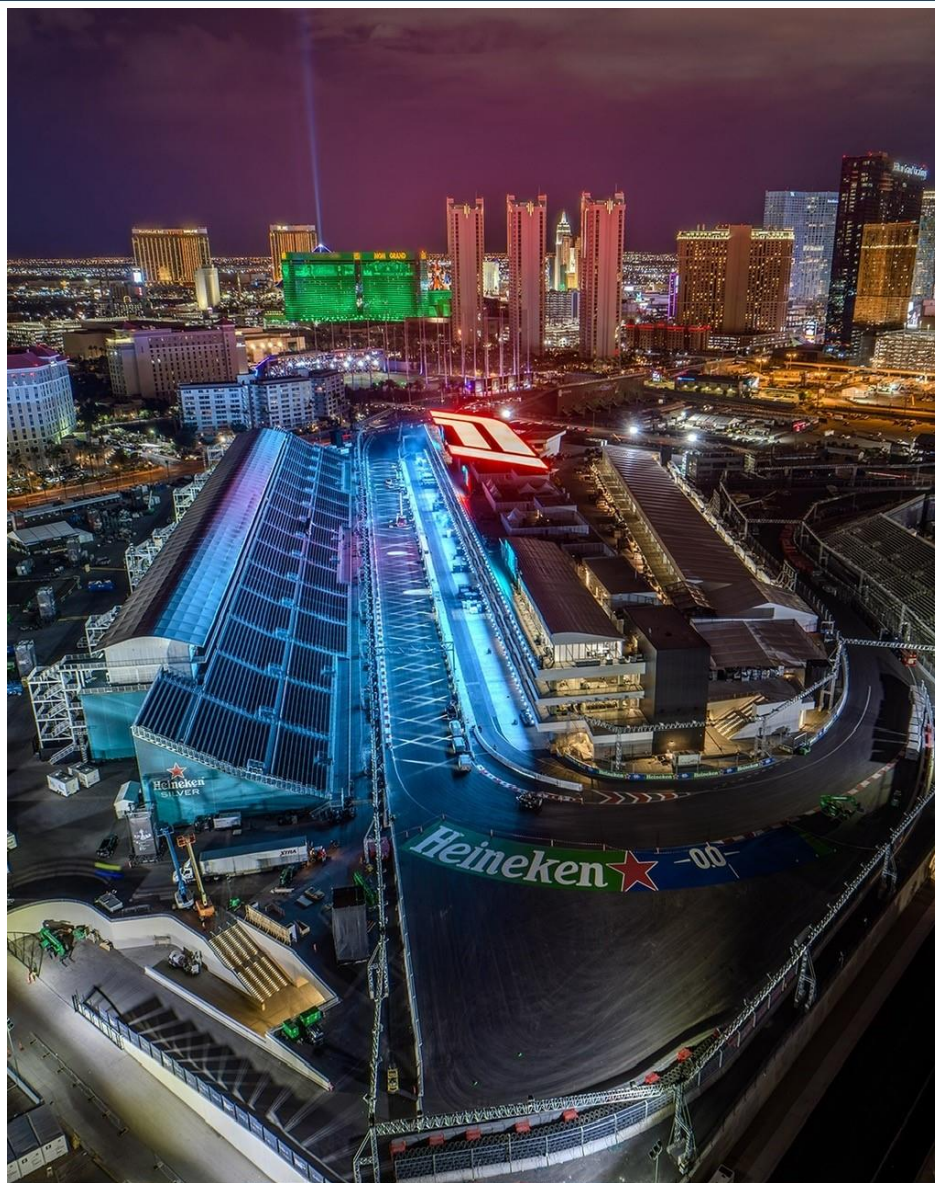
Source: Two Circles; projections current as of May 15th, 2020

Picture Round

From the following pictures can you pick out any team, individual and event sponsors







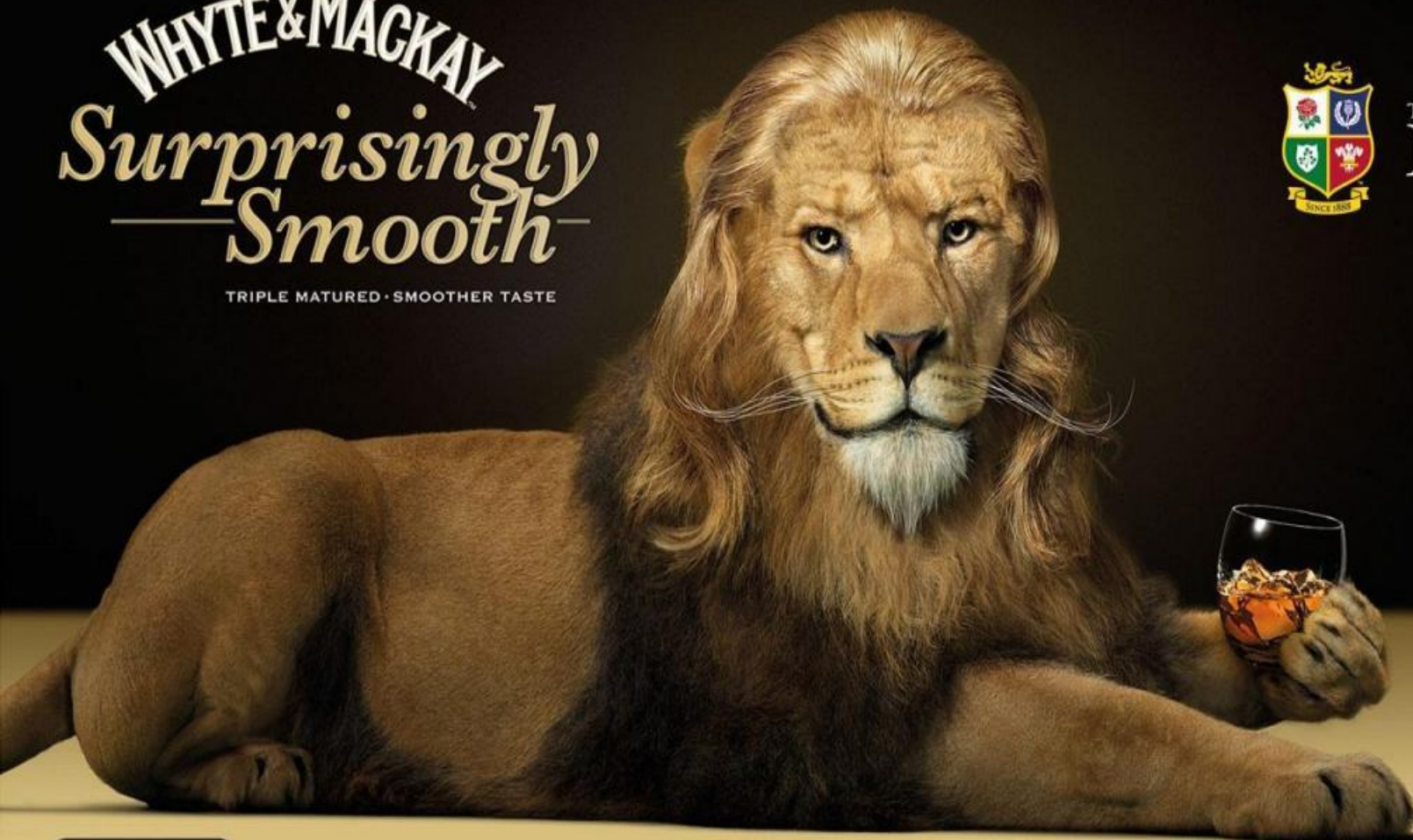
WHYTE & MACKAY

Surprisingly Smooth

TRIPLE MATURED • SMOOTHER TASTE



THE BRITISH & IRISH
LIONS



OFFICIAL SUPPLIER TO
THE BRITISH & IRISH LIONS

drinkaware.co.uk for the facts

THE OPEN

Royal Liverpool 2014













Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David

Trawsnewid Addysg; Trawsnewid Bywydau
Transforming Education; Transforming Lives



Admiral
Bae Abertawe
Swansea Bay

10k

Medi 22 Sept 2019

COFRESTRWCH NAWR
ENTER NOW

Radydd Partner Plwydd Ffido
heart
Run up the hill good

10kbaeabertawe.com
swanseabay10k.com

Cylgor Abertawe
Swansea Council



Can you name the event sponsors? At / on the Start Finish line?





Why is this picture different from all the others?

The event manager must recognise that “sponsorship is a mutual relationship and objectives have to be met by all parties” Masterman (2014, p.337).

What does this mean?

Sponsorship benefits for events and sponsors

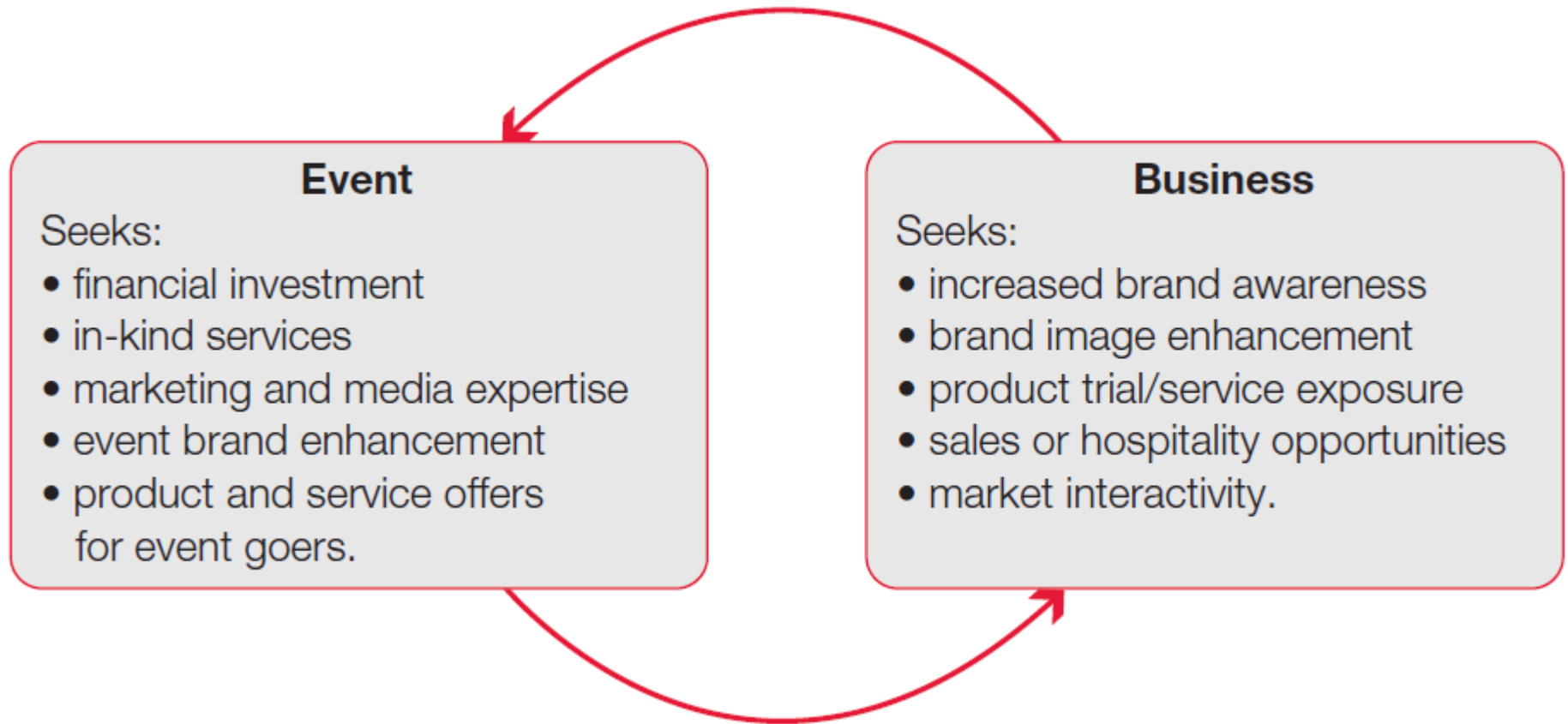


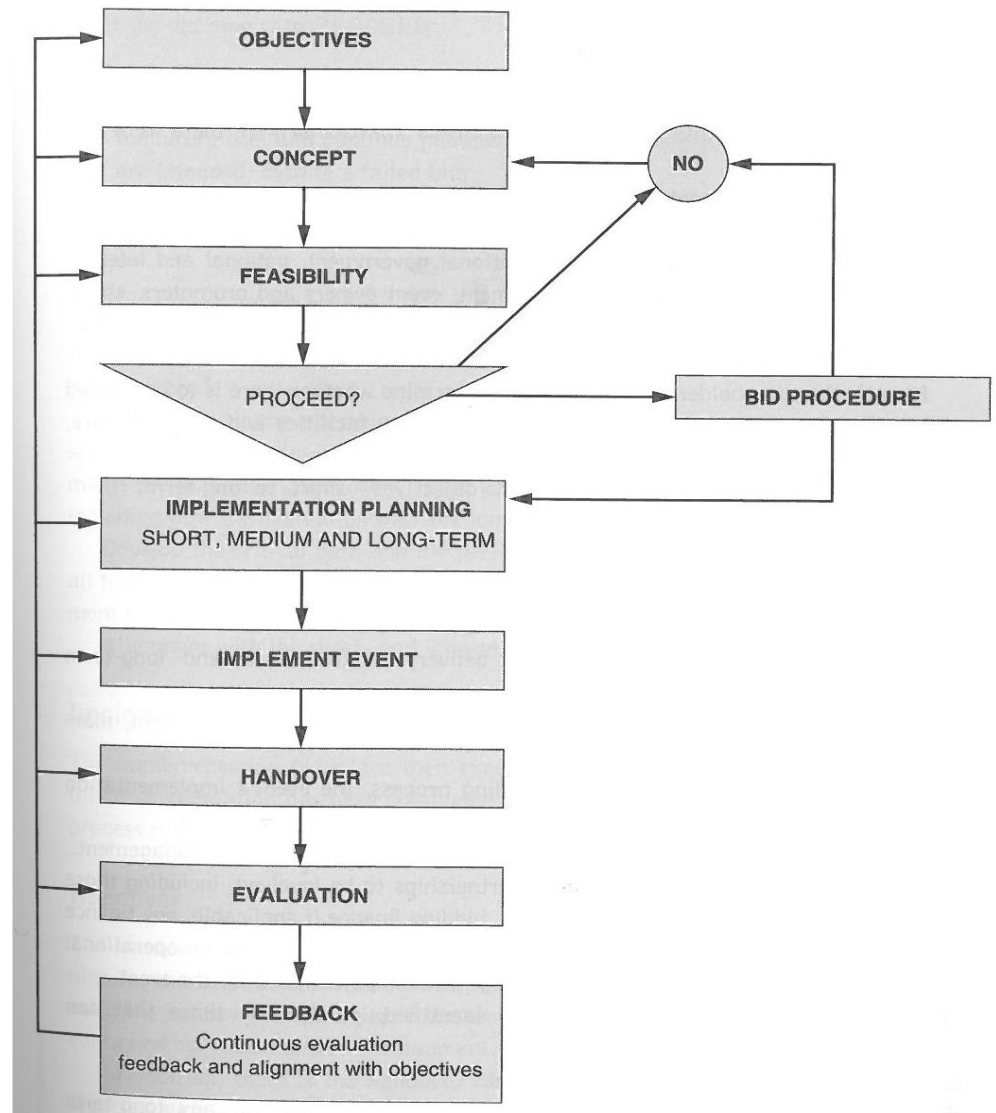
Figure 11.2 Exchange relationship in event sponsorship

“The implication is that in order to retain or gain competitive advantage, sports events must improve their sponsorship recruitment process,” Masterman (2014,p.324).



Consideration of potential sponsors should begin at stage 2 (concept) of the event planning process.

Why?



Sports Sponsorship Areas

Two key areas where the sponsor invests:

1. **Direct investment** – financial payments or provision of resources to the sponsee/event organiser. Usually via a formal sponsorship agreement.
2. **Indirect investments** - also called **activation investments**, designed *"to deepen the impact of the sponsorship with the sponsorship target"* Foster et al. (2016, p.270). E.g. adverts, promotional materials.

Case Study: New Balance and London Marathon

Became official
shoe and kit
sponsor of the
London
Marathon in
May 2017.



Action **speak** louder than words

50% Safe &
Proven



Action **speak** louder than words

30%
Risky

50% Safe &
Proven



Action **speak** louder than words

30%
Risky

50% Safe &
Proven



20% Experimental



**Direct investments
to sponsor the
event**

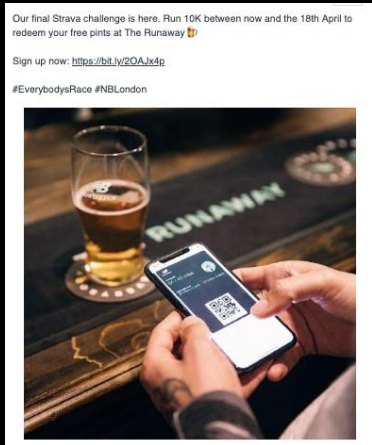
London Marathon Case Study



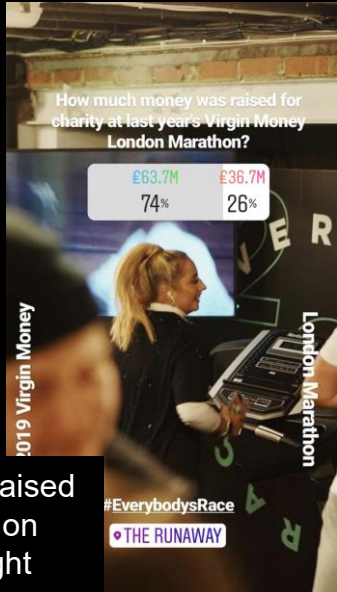
Plus activation investments to deepen the impact of the sponsorship

Plus Superstore & Exhibition in ExCel Arena





211 NBRC runners started their club runs from the pub



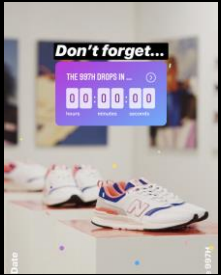
1,530 Strava guests attended to redeem their pints

Over 120 Days...

£1,120 was raised for charity on launch night

Social media impressions hit 5.1M and achieved 143K engagements

1,100 guests attended our NB brand events



PR buzz hit 45M impacts

London Marathon Budget

- **70% Sponsorship fee**, gift of kit to all volunteers, royalty on licensed sales (London Marathon Logo Product), donation to London Marathon Charity. Pinnacle asset alongside NY marathon large investment.
- **25% Marketing Activation** which would include Pub and Strava Partnership, advertising and EXPO stand – deliver a brand experience, expand our reach and bring in new consumers
- **5% Staff / Travel / Hotels / Kit for staff and Hospitality** – main retailers and influencers





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Trinity Saint David

Trawsnewid Addysg; Trawsnewid Bywydau
Transforming Education; Transforming Lives

Coffee Break Task: 30 mins.

Review the following events and see if you can distinguish between the direct sponsorship investments and indirect / activation investments.

France Rugby World Cup 2023

IronMan Wales 2025

Commonwealth Games Glasgow 2026

Types of Sports Event Sponsorship Programmes

1. “Off the shelf” - involves selling a bundle of predetermined benefits to a potential buyer.
2. Tailored or bespoke – the potential sponsors' required are considered first and a sponsorship programme and benefits devised to suit.

Source: Masterman (2014) ch. 11

Sponsorship Rights and Titles

These include:

1. **Title rights** - sponsor named in the title of the event e.g. Virgin London Marathon
2. **Presentership rights** – acknowledges the sponsor alongside the title of the event e.g. ITF's Davis Cup by BNP Paribas.
3. **Naming rights** – associated with physical structures and are typically long term agreements e.g. Principality Stadium (£15m)
4. **Sector rights** – sponsors is sole representative for the sector or market in which they operate e.g. Mastercard and Fifa World Cup; Visa and Olympics.
5. **Supplier rights** - enables suppliers of event services, equipment and products to be acknowledged e.g. Slazenger Tennis Balls at Wimbledon.

Masterman (2014)

Don't forget sponsorship in kind

- Another way of exchanging mutual benefits but without rights fees or payments.
- Services, resources, goods or products that are useful to the event are provided FOC by the sponsor in return for an 'agreed level of sponsorship status and benefits in return' Masterman (2014,p.333).
- Aim should be able to achieve parity in the exchange.

Masterman (2014) ch. 11

Some excellent advice....

Ensure sponsorships can complement and sit comfortably alongside....Try to balance the set of rights so that there is sector exclusivity and no unnecessary duplication that will lead to over commodification....This will prevent the cluttering of communications messages, which can cause dissatisfaction among sponsors and, at worst, their non-renewal (Masterman, (2014, p.327).

3 structures for building a sports event sponsorship programme

1. **Solus structure** - only 1 sponsor involved
2. **Tiered structure** – more than 1, with a hierarchy of sponsors.
3. **Flat structure** - sponsors enjoy the same status, but don't necessarily have the same rights or benefits, and don't always pay the same fee.

Source: Masterman (2014) ch. 11

Flat Structure

- Ideally should be 'no differentiation in their status and the way they are acknowledged' (Masterman, 2014, p.331).
- Typically found at local/community level – numerous sponsors and event has little media profile.

Source: Masterman (2014) ch. 11

Tiered example: Nabisco Masters Doubles-tennis event

Title sponsor: Nabisco International (FMCG sector – Shredded Wheat)

Presenting Sponsor: Nabisco UK - bought the rights to prevent them being sold elsewhere.

Courtside sponsors: several e.g. Boss, Schweppes.

Sponsors (non televised exposure) e.g. Mazda, Lufthansa.

Source: Masterman (2014) ch. 11

ANNUAL SPORTS AWARDS SPONSORSHIP PACKAGES



GOLD £2500

- 01 Company logo on all literature and marketing material associated with the awards
- 02 3 x VIP tickets to the awards evening including buffet reception
- 03 An opportunity to provide a display or merchandise at the sports award evening
- 04 Company logo on all sponsorship boards, presentation slide, prize certificates
- 05 Company logo, link to company website and article on BRSP website
- 06 Networking opportunity with other sponsors, VIPs, guest speakers, nominees and winners as well as representatives of Powys County Council, Sport Wales and other National governing bodies of sport.
- 07 Full page advertisement in Awards programme

SILVER £1000

- 01 Company logo on all literature and marketing material associated with the awards
- 02 2 x VIP tickets to the awards evening including buffet reception
- 03 Company logo on all sponsorship boards, presentation slide, prize certificates
- 04 Company logo, link to company website and article on BRSP website
- 05 Networking opportunity with other sponsors, VIPs, guest speakers, nominees and winners as well as representatives of Powys County Council, Sport Wales and other National governing bodies of sport.
- 06 Half page advertisement in Awards programme

BRONZE £350

- 01 2 x VIP tickets to the awards evening including buffet reception
- 02 Company logo on all sponsorship boards, presentation slide, prize certificates
- 03 Company logo, link to company website and article on BRSP website
- 04 Networking opportunity with other sponsors, VIPs, guest speakers, nominees and winners as well as representatives of Powys County Council, Sport Wales and other National governing bodies of sport.
- 05 Half page advertisement in Awards programme

RIBBON £150

- 01 1 x VIP tickets to the awards evening including buffet reception
- 02 Company logo on all sponsorship boards, presentation slide, prize certificates
- 03 Networking opportunity with other sponsors, VIPs, guest speakers, nominees and winners as well as representatives of Powys County Council, Sport Wales and other National governing bodies of sport.
- 04 Quarter page advertisement in Awards programme

London 2012 Sponsorship Structure

Worldwide partners



Official partners



Official supporters



London 2012 Sponsorship

Are big corporate sponsors a “necessary evil” in order to finance the staging of mega events?

Watch the clip and decide for yourself.

<http://www.bing.com/videos/search?q=london+2012+olympic+sponsorship+levels&&view=detail&mid=766B5235E6458CA65234766B5235E&rvsmid=6458CA65234766B5235E6458CA65234766B5235E&fsscr=MCNL>





*The 2012 celebration of the world's
fittest & healthiest athletes is brought
to you by our kind partners...*

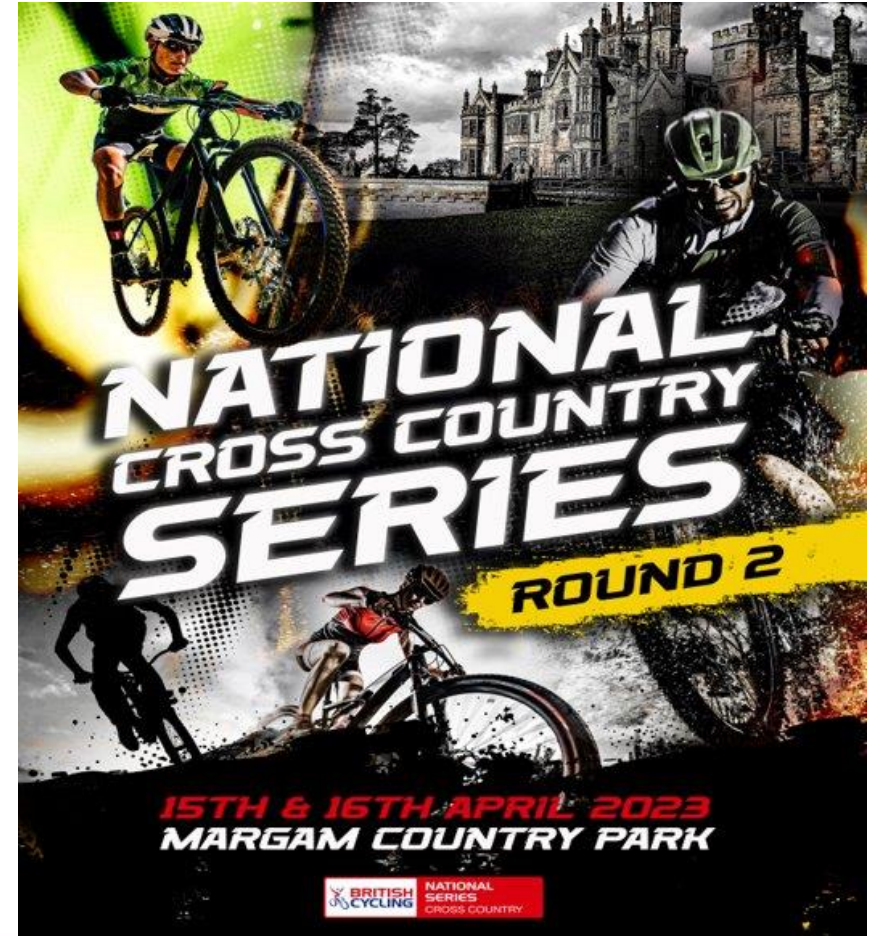


*...You know, the same guys that
brought us **WAR**, **DEBT**, **CANCER**,
OBESITY and **OIL SPILLS**.*

SMALL GROUP TASK-

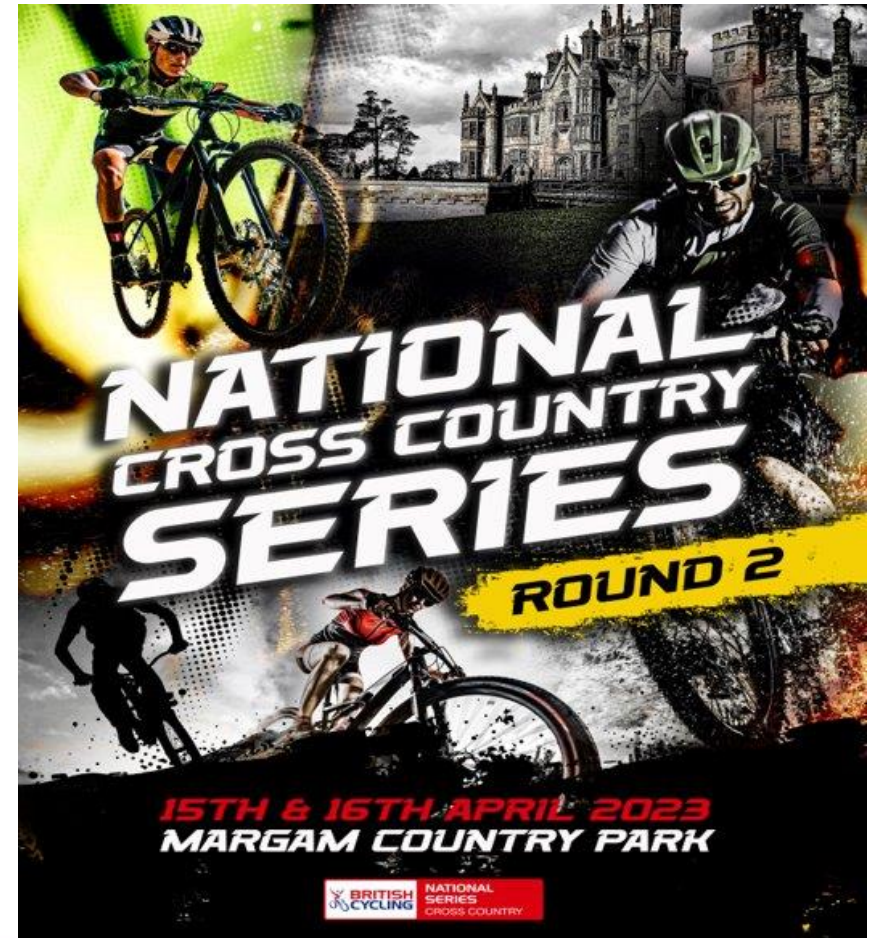
You are the sponsorship coordinator for a MTB XC event to take place in Neath Port Talbot:

- 1. Decide what your sponsorship structure and objectives are?**
- 2. Identify potential sponsors and clarify their rights. Provide reason for their selection**
- 3. List the mutual benefits that can be exchanged.**



Practical example

View sponsor letter /
examples



Sports Event Sponsorship – The Strategic Process

Process consists of 4 key areas:

1. Targeting - determine the event's target markets, as sponsors are also searching for ways to reach their target markets. Event becomes a "communication vehicle" for the sponsor (Masterman, 2014).

2. Building the relationship – done best by providing a "tailored service and the production of a bespoke arrangement that meets the individual objectives and requirements of a potential sponsor" (Masterman, 2014, p.338).

3. Rights exploitation – "requires the complete integration of the sponsorship into the sponsor's overall communications programme" - sometimes referred to as "leverage", "activation" or "maximisation" (Masterman, 2014, p.344).

4. Evaluation – continuous evaluation essential in order for the relationship to grow, and so that changes can be implemented. Evaluation must be against measurable objectives, so that decisions can be made to help maximise the return on investment (ROI).

Evaluation can answer 3 questions:

- 1 Visibility - how clear was the sponsorship?
- 2 Sightings – who took notice?
- 3 Objectivity – did it achieve what it was supposed to achieve.

Source: Masterman (2014) ch. 11

How to determine sponsorship price?

- No standard practice exists.
- How much does the event want to sell for?
- How much the sponsor is willing to pay?

Source: Masterman (2014) ch. 11

Cardiff Devils

- How much the sponsor is willing to pay?
- Offer packages below, at or over what the sponsor says
- Lots of smaller sponsors
- Make it fun- firing hotdogs!



How to determine sponsorship price?

- Need to know the exact costs in offering the sponsorship package – all overheads.
- Sponsors will consider the equivalent opportunity cost i.e. cost of using other communication tools to achieve the same benefits (exposure, profile etc).
- Event organisers need to consider the sponsorship programme as a whole, and consider loss leaders – e.g. accepting a lower price in the first year with the aim of realising improved prices in later years as the partnership is forged.

Source: Masterman (2014) ch. 11

Independent Study Tasks

- Consider what role sponsorship can play in your event?
- Review the type of companies that have sponsored similar events.
- Consider the benefits of sponsorship for the sponsor and sponsee.

Thanks for listening.

Any questions

References

- Crompton, J.L. (2004). 'Conceptualisation and alternate operationalisations of the measurement sponsorship effectiveness in sport', *Leisure Studies*, 23 (3) pp. 267-81.
- Foster, G., O'Reilly, N., and Davila, A. (2016). *Sports Business Management – Decision Making Around the Globe*. Routledge.
- Gratton, C., Liu, D., Ramchandani, G., and Wilson, D. (2012). *The Global Economics of Sport*. London: Routledge.
- Masterman, G. (2014). *Strategic Sports Event Management*, Third Edition. Oxon: Routledge.
- Shwartz, E., and Hunter, J. (2008). *Advanced theory and practice in Sport marketing*. Oxford: Elsevier/Butterworth-Heinemann.

Useful weblinks:

<https://www.olympic.org/sponsors>

<http://www.sponsorship.com/Sponsorship-Consulting/Sochi-2014-Olympic-Sponsorship-Insights.aspx>