

Lecture 5

Sports Event Sponsorship



Session Aims

- Student Presentations
- 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
- Assignment trouble shooting

Task?

Produce 3 slides to introduce your event to the group:

1-11th Nov

Shannon
Callum
Rhys G
Jamie
James B
Owen Banfield
Shannon W
Callum G

2- 25th Nov

Rhys M
Elisha
Robson
Jared
Adam G



Presentations

Produce 3 slides to introduce your event to the group:

1-11th Nov- Group A- Start

Group B- Finish

Group A

Shannon
Callum
Rhys G
Jamie

Group B James B

Owen Banfield
Shannon W
Callum G

Student Presentations

5 minutes to introduce your event:

1. Sell your event as if you were presenting to potential sponsors
2. Introduce the event- aims, objectives, the activity / sport, organisation and the plan

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
- Atmospherics

(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

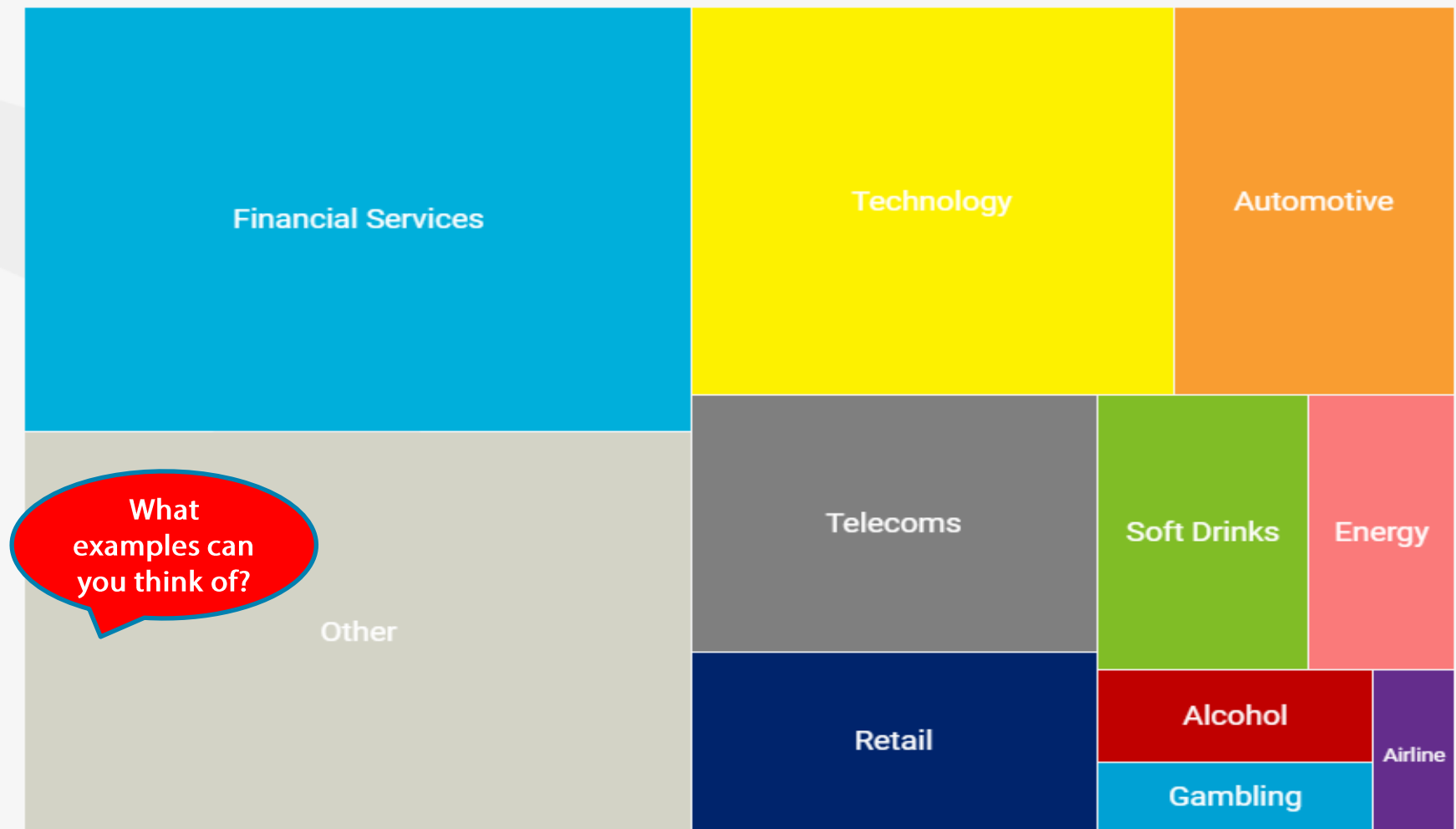
- ❑ Global spending on sports sponsorship has grown year-on-year since 1999 (Masterman, 2014).
- ❑ Market worth US\$44 billion in 2009 (Gratton *et al.*, 2012).
- ❑ Sponsorship is increasingly critical to the realisation of events (Masterman, 2014)
- ❑ Sponsorship is the second most important source 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).

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).

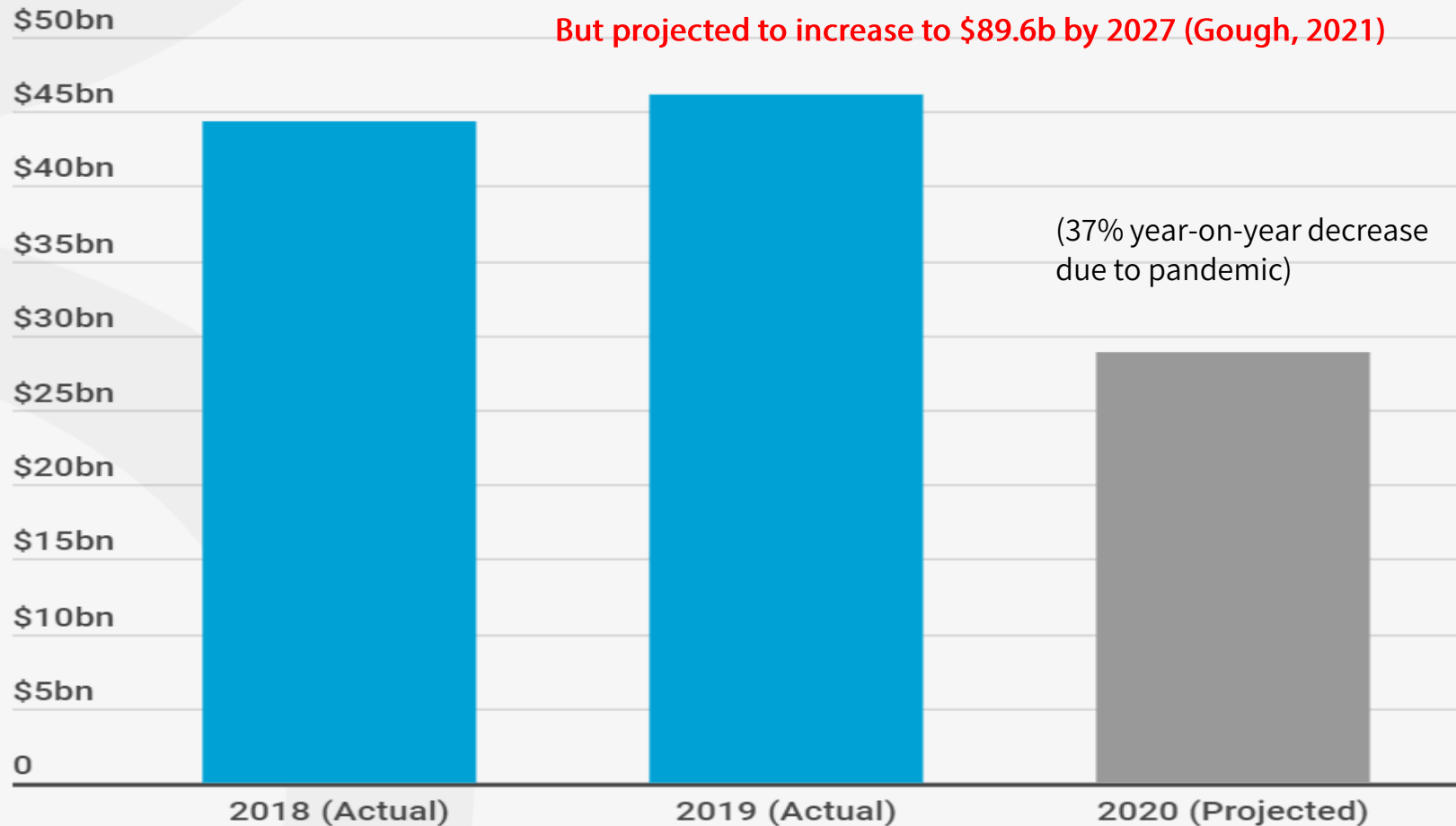
Masterman (2014)

Global Sports Sponsorship Spend by Sector (2020, projected)



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

Global Sports Sponsorship Spend (2018-2020, projected)



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



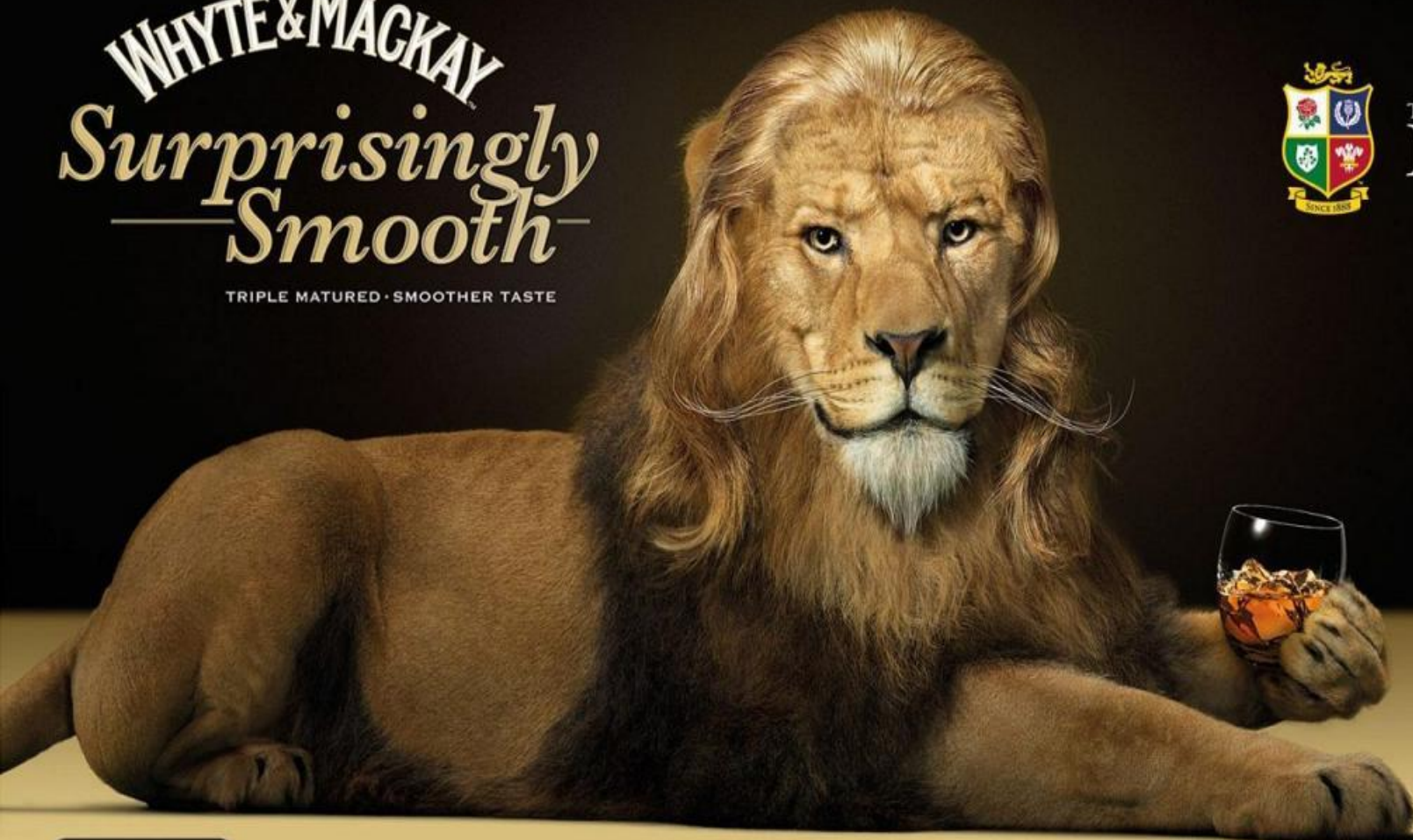
WHYTE & MACKAY

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











© Warrior







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

Sponsorship benefits for events and sponsors

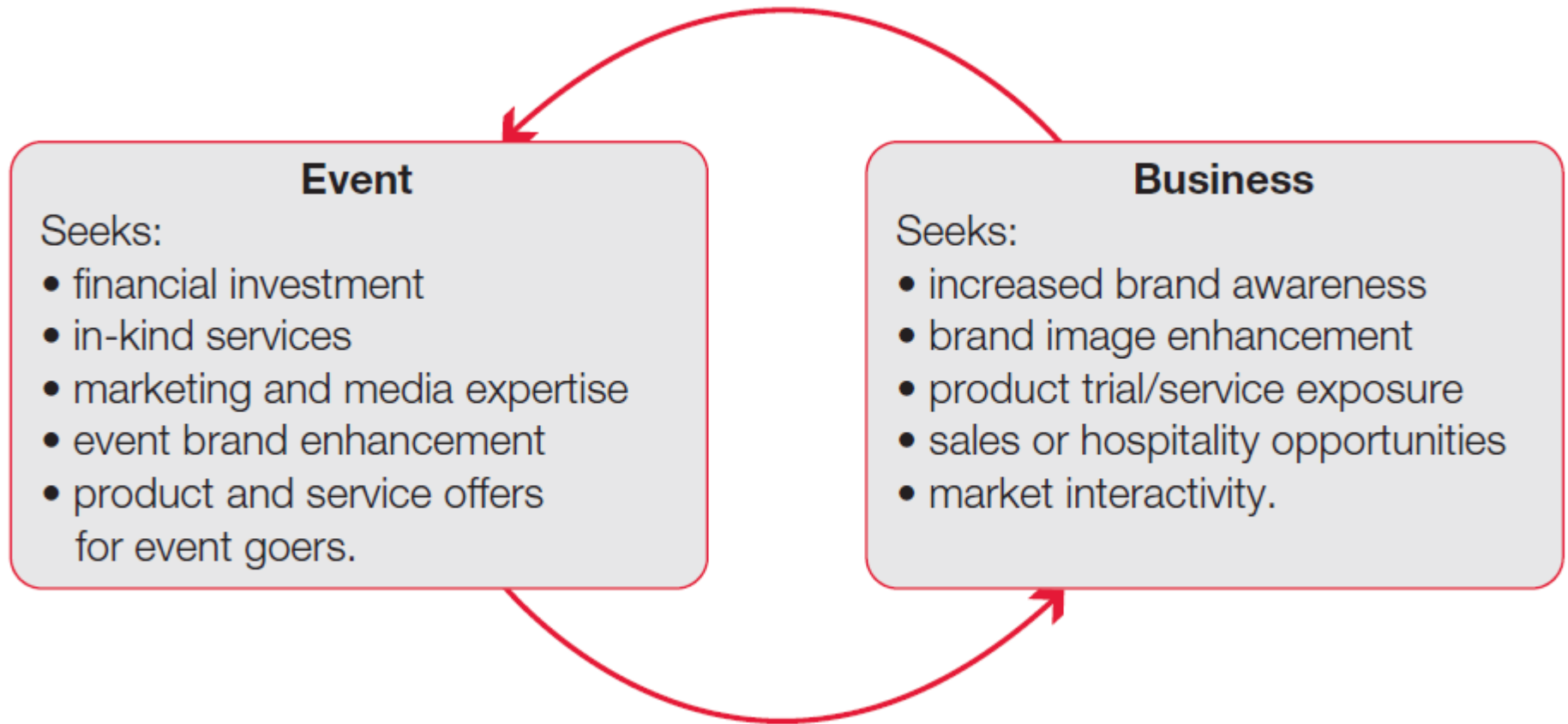
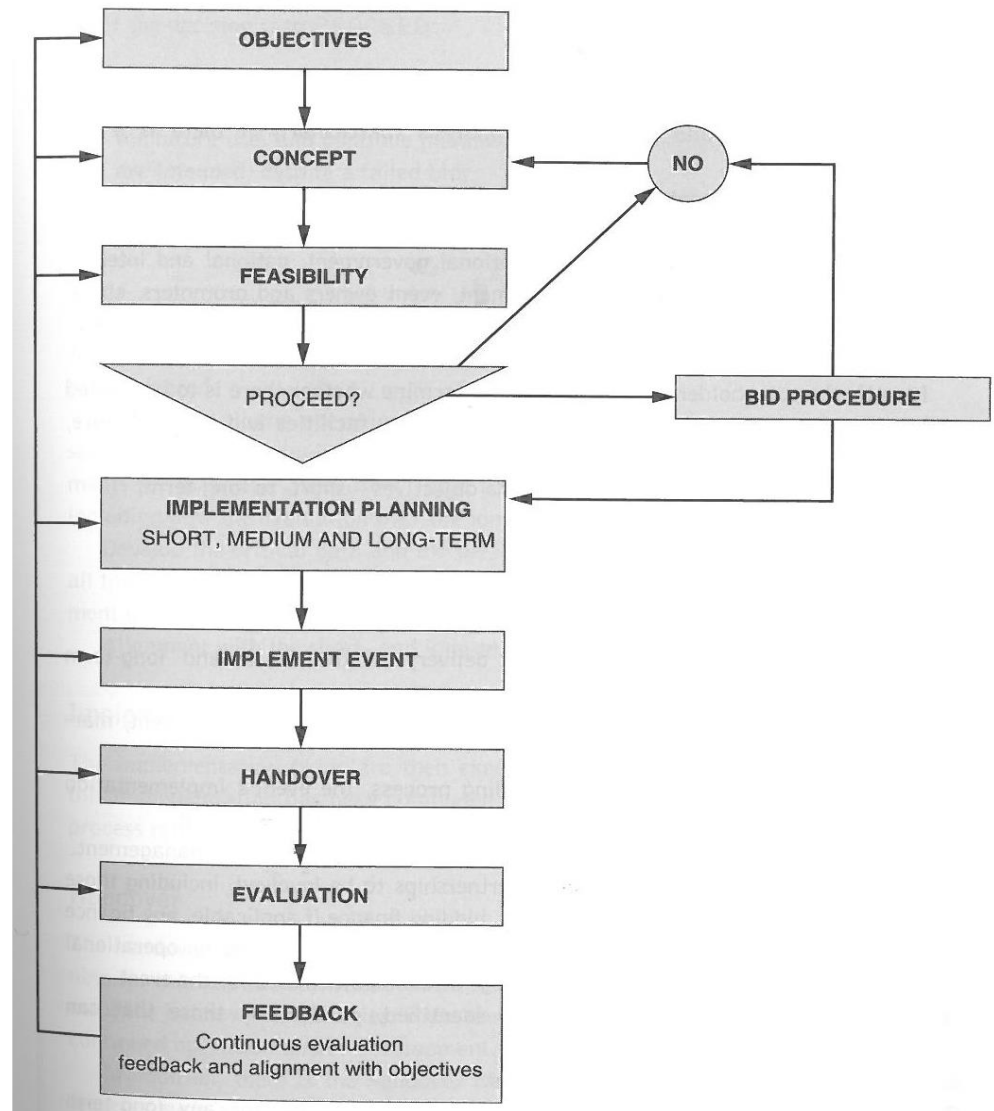


Figure 11.2 Exchange relationship in event sponsorship

“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.



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





Direct investments
to sponsor the
event

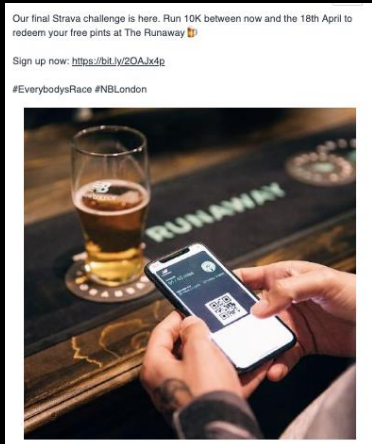


Plus activation investments to deepen the impact of the sponsorship

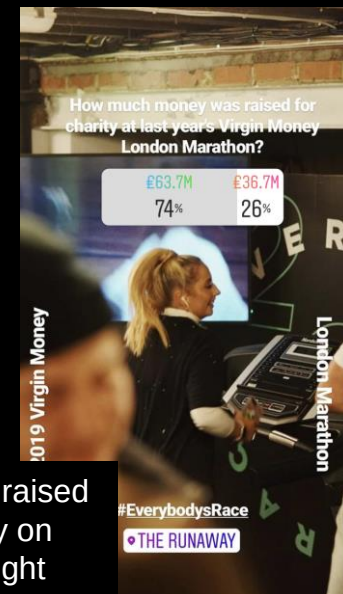


Plus Superstore & Exhibition in ExCel Arena





211 NBRC runners started their club runs from the pub



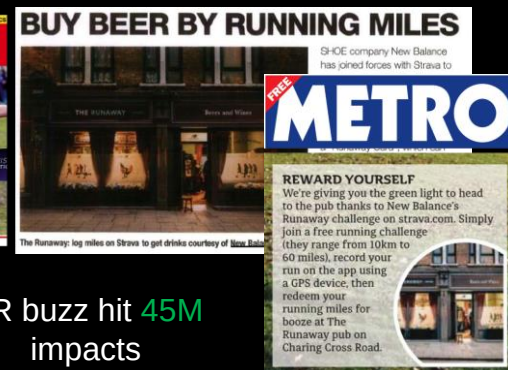
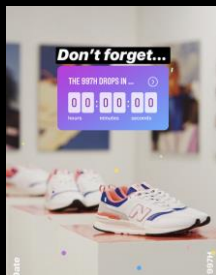
1,530 Strava guests attended to redeem their pints

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





Coffee Break Task: 30 mins.

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

Japan Rugby World Cup 2019

IronMan Wales 2022

Cardiff Champions League Final 2017

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

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=6458CA65234766B5235E6458CA65234766B5235E&rvsmid=6458CA65234766B5235E6458CA65234766B5235E&fsscr=0&FORM=VDMCNL>



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- x3 flip chart rotation

You are the sponsorship coordinator for a MTB Marathon 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.
3. List the mutual benefits that can be exchanged.



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

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

Questions for event organisers to consider?

- Does the event have sufficient rights or benefits that can be offered to sponsors?
- Are the event's stakeholders likely to approve of commercial responsibility?
- Is the target market of the event congruent with the target market of the sponsor?
- Are there some companies that are simply not suitable as sponsors?
- Does the event have the resources to market and manage sponsorship?
- Do you know the cost breakdown of your sponsorship package?

Assignment Recap



Assignment 1 (50% contribution)

Part 1: Event Scoping and Feasibility (1000 words approx.)

Your task is to identify a major sport event that a location in Wales could feasibly host. The event can be either: national or international; irregular or part of an annual cycle of events; a major spectator event generating significant economic impact or a major competitor event generating limited economic activity (e.g. Welsh athletics championships).

Students must clarify the event's objectives and concept, and make a robust case for the event's feasibility, strategic fit and potential impact. This requires students to scope out the cost of the event and financing options, plus the market for the event and its competition. Students will need to consider existing sports event calendars, local and national policy agendas (Wales and UK) and the impact of recent major sports events.

50% Weighting

events.

Assignment 1 (50% contribution)

Part 2: Strategic Marketing Overview (1000 words approx.)

The second part of the assignment requires students to consider how they will attract and retain customers/spectators to the event. This section should commence by addressing the market segmentation, targeting and positioning of the event. It must also detail how the marketing mix can be best manipulated to address the needs and wants of customers, and conclude by specifying clear marketing objectives and specific tactics to help fulfil the objectives.

Both parts must be underpinned with appropriate references to academic theory, industry and government publications and empirical evidence.

50% weighting

Generic Assessment Criteria	Marks available	Marks awarded
1. Engagement with Literature Skills		
	25	
2. Knowledge and Understanding Skills		
	20	
3. Cognitive and Intellectual Skills		
	20	
4. Practical Application Skills		
	20	
5. Transferable Skills for Life and Professional Practice		
	15	

Independent Study Tasks

- Consider what role sponsorship can play in your marketing/promotions mix?
- Review the type of companies that have sponsors similar events.
- Consider the benefits of sponsorship for the sponsor and sponsee.
- Try to draft a sponsorship contract.

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>

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

Example Sponsorship Contract



Microsoft Word
17 - 2003 Documen