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FIELDS OF DREAMS: SPONSORSHIP OPPORTUNITIES IN SPORT TOURISM

BY

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ABSTRACT

The perceived short- and long-term economic benefits of the World Cup, Olympic Games, Super Bowl, and the like have led businesses to develop joint bids with governmental units in effort to host such events. Increased competition has also created a need for businesses to find ways to differentiate their products in the market place, reach and influence new markets, and to get more return for their promotional dollars. For some, sport sponsorship has become an effective marketing strategy. This article describes the extent of sport tourism event sponsorship, why and how sponsorships are obtained, and issues involving sport sponsorship, including over-commercialization of sport, and tobacco sponsorships.

INTRODUCTION

Sport has been successfully used by a number of cities to alter the image and trajectory of their tourism industry. The perceived short- and long-term economic benefits of the World Cup, Olympic Games, Super Bowl, and the like have led other governments and businesses to develop joint bids in effort to host such events. Seasonal sport operations, such as Major League Baseball franchise games, may serve as focal or sup-

plemental tourism attractions in host cities. In some cases, permanent sport facilities are constructed, contributing to a marketplace that is desirable for support and peripheral businesses development. As an example, ESPN Zone, located in Baltimore, Maryland adjacent to the Stadium at Camden Yards, is a theme restaurant integrated with the cable sports network and serves as an attraction, accommodation, and communication platform.

Increased competition has created a need for businesses to find ways to differentiate their products in the market place, and to get more return for their promotional dollars. For some businesses, sport sponsorship has become an effective marketing strategy, and an equally effective revenue producer for the sport tourism event organization (7). Sponsorship is defined as the provision of resources (fiscal, human, and physical) by an organization directly to an event or activity in exchange for direct association with the event or activity. The organization can then use this direct association to achieve either its corporate, marketing, or media objectives (8).

Corporate sponsorship of large-scale sporting events is big business. Approximately 5,000 North American corporations were projected to spend over \$3 billion on sports

sponsorship in 1995 (4). As the popularity of sport sponsorship has increased, so have the number of sponsorship proposals. Some companies are presented with over 100 sport sponsorship proposals annually.

In light of the growth of sport sponsorships, and the increased popularity of sport tourism as a niche within the broader tourism industry, further analysis of the relationships of these subjects is required. This article describes the extent of sport tourism event sponsorship, why and how sponsorships are obtained, and issues involving sport sponsorship.

EXTENT OF SPORT TOURISM SPONSORSHIPS

Sport is the most popular option for sponsors, comprising 67% of all sponsorship dollars (1). Concerts, festivals, the arts, and cause-related events account for the balance of sponsorship spending. The range of sport sponsorships covers series and circuits (i.e., Winston Cup Racing Series), individual events (i.e., State Farm Rail Classic ladies professional golf tournament), and individual athletes (i.e., Martina Hingis). The top three industries in terms of sport sponsorship spending are the beer industry (20%), the non-alcoholic beverage industry (20%), and banks (13%). Beverage companies Anheuser-Busch, Coca-Cola, and Pepsi all spent more than \$25 million on sport sponsorship in 1995 (2). Considered part of the promotional mix within the broader marketing mix, most corporations pay for sponsorships from their advertising budgets. Business desire to get more bang for their promotional bucks by sponsoring an event itself, rather than just buying commercials during a televised sport. The shift in advertising from traditional mediums to sport sponsorship, coupled with the increased number of sponsorship requests, has made it necessary for

corporations to develop a sponsorship evaluation process.

CORPORATE SPONSORSHIP BENEFITS

What does a sport tourism event have to offer a sponsor? Exclusivity is the sport tourism event marketer's prime asset, and it is not sold cheaply. Exclusivity can be shared between title and presenting sponsors, and also by product categories (i.e., Xerox - Exclusive imaging sponsor of the X-Games). There are several benefits that the sponsor may accrue from their affiliation with sport events, as listed in Table 1.

Some corporate decision-makers see sport sponsorship as a way to drive sales while others are only looking to increase their image. Image is no longer everything in sport sponsorship. It has been found that increasing sales and market share has replaced image enhancement as the primary corporate motive for sport sponsorship (3). Researchers of Fortune 1000 firms identified the top corporate sponsorship motives as: (a) to increase awareness of company; (b) to improve corporate image; and, (c) to demonstrate community responsibility (5).

The primary reasons for corporations sponsoring NCAA tournaments were: (a) the benefits of a corporate affiliation with sports; (b) access to intercollegiate athletic events; (c) media exposure through signage within the venue; (d) ticket access to NCAA championship events; and, (e) product/service exclusivity within the sporting venue/s (9). Supplementary reasons included the desire to increase the corporate consumer base, ability to develop tie-in programs, enhancement of the corporate image, and tie-ins with the current advertising campaign (9).

There are several strategies employed by sport tourism event marketers to secure corporate sponsorships, but none more important than the first, "Design the sporting event with sponsorship opportunities" (See Table 2). The Kodak Albuquerque International Balloon Fiesta, considered to be the largest ballooning event in the world, attracts over 1.5 million spectators annually. To meet the service requirements of an important spectator segment, event organizers devised a sponsorship whereby a disposable diaper manufacturer would pay for the exclusive rights to supply a decorated tent with changing tables and complimentary product samples. The sponsorship opportunity created a win-win situation; organizers facilitated a customer service and the sponsor placed its product where it wanted it most, on the bottoms of its customers.

Step 6 in the sport tourism event sponsorship process involves the identification of prospective sponsors. Table 3 offers a list of questions that the sport marketer should consider in this stage.

WHO MAKES THE SPONSORSHIP DECISION?

Researchers have sought to better understand the corporate decision making process with regard to involvement in fairs, festivals and special events (11). Using a qualitative approach, their research focused on corporate decision-makers' beliefs, ideas, and biases in relation to sport sponsorship. From in-depth interviews with event sponsors it was shown that buying centers or committees were very typical in the evaluation of sponsorships. Four members were common to most buying centers. Those members and the specific roles they played are described in the following paragraph. It is important to note that the members of these groups

varied with the complexity of the sponsorship.

For the roles played by individuals in buying centers, "Gatekeepers" were those individuals who made the decision on what and how much information was passed on to key decision makers. These individuals were the committee members who received the initial sponsorship proposal. Gatekeepers included receptionists, assistants, and even consulting firms. "Influencers" were those individuals who had some sort of connection or information regarding the sponsorship requester. Most often the influencer was outside of the buying center. Included in this group of individuals were senior managers, other company employees, or friends who had experienced past events put on by the sponsorship requester. The ultimate decision-makers, or "deciders," varied depending on the level and cost of the sponsorship. Small sponsorship proposals were often referred to local or regional managers, and more lucrative proposals were handled by corporate staff. The final role was that of the buyer. The main responsibility of this position was to undertake negotiations with the event manager. Negotiations were undertaken to ensure that the corporations interests were being met (11).

Other scholars have found that large companies used gatekeepers as the initial sponsorship decision-makers (6). These gatekeepers were most often an advertising agency representative, who made the decision whether or not to pass a sponsorship opportunity on to key corporate executives. The key corporate executives usually include the advertising department's senior management or department heads. The ultimate decision-makers depend on the level and cost of the sponsorship. Small sponsorships were often handled by local managers or an advertising director, while larger sponsorship opportunities were brought before the vice-president of the department and

his/her committee. The decision making process for small, local companies differed in that decisions were made by the store owner or manager. These people were responsible for not only making the sponsorship decision, but for operating the company. Decisions on small-scale sponsorships were made by the local manager, whereas larger, more costly decisions required the inclusion of the owner of the company.

Many small-scale sponsorship agreements are still secured with a handshake and nothing more. But our litigious society increasingly requires formal agreements. A written sponsorship contract should be prepared between the seller and buyer with the following specifications: (a) Benefits to the sponsoring business; (b) terms of sponsorship; (c) exclusivity; (d) licenses and use of marks; (e) payment schedules; (f) dates for deliverables; (g) breach of contract clause; (h) renewal terms; and, (i) methods for sponsorship evaluation.

SPORT SPONSORSHIP ISSUES

Three sport sponsorship issues with implications to sport tourism marketers are covered in this section: poor sponsorship fit, over-commercialization of sport, and tobacco sponsorships in sport. The compatibility or appropriateness of the sport and sponsor is referred to as the sport-sponsor "fit". An example of a good sport-sponsor fit would be a professional beach volleyball association tournament and a sunscreen manufacturer. A poor sport-sponsor fit would involve a liquor store and a little league baseball team. Poor public image and reduced product sales are consequences of poor sport-sponsor fit. By reviewing and responding to the considerations in Table 3,

the sport tourism event marketer can achieve a better sponsorship fit for the all concerned.

The sport marketplace has become cluttered with sport sponsorship opportunities and there is a growing anti-commercialism sentiment among some spectators and event organizers. They see the number of signs, logos, and sponsorship intrusions made upon the contest itself as excessive and long for a purer game void of such distractions. A consumer backlash due to sport over commercialization may ensue. Sponsorship clutter limits the effectiveness of sport as a promotional vehicle for all sponsors. There exists a fine line between satisfying the bottom line for an event organization through sponsorship dollars and alienating fans due to over commercializing the event. When an event organization offers a sponsor benefits in exchange for resources, it relinquishes some control to sponsor.

One of the most publicized sport sponsorship issues involves the tobacco industry. In 1995, tobacco firms devoted 95% of their \$195 million sports sponsorship budget to motor sports (2). R.J. Reynolds, producer of Winston cigarettes, is one of the most prominent names in auto racing, and spends approximately \$30 million annually on motor sports advertising and promotion, including the Winston Cup and other NASCAR events (10). Other tobacco makers provide another 20% of sponsorship money for motor sports. Tobacco's forced exit will create opportunities for new sponsorship entries in sport. NASCAR's surging attendance, TV ratings and merchandise sales have attracted a wide range of sponsors including McDonald's, Coca-Cola and Kodak, corporations that could take up the slack if tobacco firms are driven from racetracks.

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Table 1

CORPORATE BENEFITS OF SPORT TOURISM EVENT SPONSORSHIP

- Media exposure
 - Direct media coverage
 - Media mentions
 - Signage
- Hospitality opportunities
- Product sampling
- Name association/lifestyle identification
- Enhance market's awareness/perception of product
- Merchandising opportunities (product sales)
- Affiliation with other sponsors
- Community pride/involvement

Table 2

STEPS TO SECURE SPONSORSHIPS FOR SPORT TOURISM EVENTS

1. Design the sporting event with sponsorship opportunities
2. Secure media sponsors
3. Define sponsorship levels
4. Distinguish sponsorship benefits in accordance with levels
5. Compile sponsorship proposal
 - description of event organization
 - event description
 - sponsor benefits/levels
 - media and promotional plans
 - impact measurement
 - appendices
6. Identify and target prospective sponsors

Table 3

CONSIDERATIONS IN PROSPECTING FOR SPORT TOURISM EVENT SPONSORS

1. What products or services does the targeted company produce? What are the characteristics of the target's consumers?
 - A. What are the general promotional approaches of the target company?
 - B. Where does the company stand versus the competition?
 - C. Has the company used sport or event sponsorship before?
 - If yes, was the experience positive or negative?
 - Has the company previously sponsored the event you are representing? Was the relationship positive?
 - D. Who makes the marketing decisions for the target company?
2. Why would this company want to sponsor this event/service?
3. What possible controversies might result from this company's sponsorship of the event/service?
4. How will my event/service benefit from a sponsorship arrangement with this business?