

Lining up with heroes

Sponsorship in the marketing mix can give a business a competitive advantage. But just throwing money at the relationship doesn't ensure victory. *Francis Farrelly* outlines essentials to get across the line.

The heroic charge to seal victory, the sinew-popping effort to get a ball over the line, the roar of the crowd, the handshake after a well-fought round. Sport evokes strong emotions in the community and, as a form of social entertainment, allows fans to identify with others according to preference, interest, gender, or geographic area. Not surprisingly, organisations have sought to align corporate or brand images with sports organisations to tap into this emotion and aid their efforts to segment, target and communicate products and services.

Investment in sport sponsorship has grown rapidly. Worldwide expenditure rose from \$US16.6 billion in 1996 to \$US21.4 billion in 2001 and is expected to reach around \$US50 billion by 2006. With this increased investment come problems associated with clutter: ambush marketing (where companies attempt to capitalise on an event they are not officially sponsoring) makes it increasingly difficult for the real event sponsors to be differentiated. Strategic planning, with a well thought out marketing and public relations campaign are fundamental resources to overcome this problem.

A VITAL TOOL

As budgets devoted to sponsorship grow, more companies see this tool as vital in their communication

strategy. Sponsorship has become the keystone of the whole marketing strategy, in what has been termed 'sponsorship-linked marketing'.

Sponsorship can be used to achieve many corporate and brand objectives including: the need for community involvement; increased public awareness of products or services and the desire to alter public perception and associate the company with a particular personality or image. To fully realise these objectives, complementary public relations are vital. Research has confirmed the importance of sponsorship-linked marketing and public relations, but the implementation of it has received far less attention. To effectively make use of the sponsorship dollar, attention must also be given to the human resources needed to manage and conduct a sponsorship program, as well as to the public relations and communication skills necessary to maximise coverage from an event or develop stakeholder relationships.

EXTRA SUPPORT NECESSARY

Competitive advantage won through sponsorship depends on the strength of the link between the sponsor and sponsorship property, including leagues, teams, events and individuals. As outlined, the basic premise underlying sponsorship-linked marketing is that sponsorship must be supported by additional marketing activity for it to achieve multiple corporate objectives, including the necessary image building.

Many sponsorship investments fail because companies do not support or execute their investment with adequate advertising, public relations,

point-of-sale and other promotional activities. This explains why non-sponsoring companies can benefit from 'incidental' ambush activities and end up with consumers mistaking them for official sponsors.

The financial resources needed after acquiring sponsorship rights are significant, say, two or three times the cost of the sponsorship. Both the property and sponsor should evaluate sponsorship opportunities and make a full assessment of the total financial outlay over the duration of the contract. Sponsorship-linked public relations costs considerably less than advertising, however for it to achieve strategic outcomes it must be supported by a long-term investment strategy.

Market orientation is a critical resource which has been largely ignored in sponsorship and public relations literature. Market-oriented behaviours such as gathering, disseminating and responding to market intelligence should contribute directly to effective sponsorship activation. In the sponsorship setting, market orientation involves continuous assessment of the needs of the sponsor, the property and the media, and dissemination of related information. These processes serve as a highly effective platform for the diagnosis of critical issues and could also be a springboard to planning and executing an effective public relations agenda.

Communicating market-driven information and experience across departments or business units inside the organisation can lead to the transfer of important resources and information between the sponsor and property, and possibly other key stakeholders. Senior management beliefs play a catalytic role in fostering the values and orientation of an

organisation as well as bringing legitimacy to the activity, so involving senior management in the sponsorship relationship may be critical for its ultimate success as these managers make key decisions about resource allocation.

BRAND BUILDING CAPABILITIES

To plan and activate sponsorship successfully, it is necessary to understand the basis of the entertainment, its associated images, and to consider the rationale underlying sponsorship objectives. Sports leagues and sports stars project an image to their environment. This is their 'brand' and is ostensibly what they offer to sponsors as a commercial property. This image is derived from a range of sources, such as the personalities and skills of the sports stars, the marketing of related attributes and the importance placed on such factors by the consuming public.

Strong emotional ties exist between fans and their favourite teams and can be seen in their desire to use personal expression, through say wearing a team's hat, to reflect success connected with a team or an individual. Clearly, consumers use sport as a form of self-expression and corporations have entered into alliances with sponsorship properties in order to use this association as an alignment tool in their marketing. A core competence, therefore, is the ability to design sponsorship marketing and public relations programs that tap into the passion associated with the property and transfer it to the brand.

Corporate and brand positioning objectives are predominant goals in sponsorship contracts because they directly relate to the alignment with the image of the sponsorship property. Evidence of a 'rub-off' or 'halo'

“All things have their time. Fads and fashions come and go, some with the blink of an eye. But sport competition, the indomitable spirit of the combatants, the thrill of victory, the agony of defeat and the passion of the fan, this will always endure.” (anonymous)

effect has been found to occur in a variety of sponsorship types. Many companies seeking commercial benefits from sponsorship hope that the sponsee's image will define, enhance, or even re-establish their own.

The knowledge and communication of this 'perceptual match' between the brands so that it appeals to the consumer requires clear understanding of:

- Both brands (the sponsor and sponsee's)
 - The demographic and psychographic fit between existing or potential target markets of both parties
 - The values represented by the brands for these target consumers
 - How values can be manipulated through sponsorship-linked marketing to achieve specific objectives
- Research has repeatedly shown that achieving this match is easier and more effective if there is a logical fit between sponsor and property. Such a fit has long been considered a key element of the sponsorship agreement, with 'fit' defined in terms of product category relatedness, or image compatibility and target market match. One example is Uncle Toby's, an Australian company that markets health food bars, and their extremely successful sponsorship of the National Ironman Competition with images of healthy people on the beach and undertaking vigorous activity. The sponsorship landscape is however littered with numerous examples where these brand development skills are neither understood nor deployed effectively. If opportunities for the public relations aspect of sponsorship marketing are to be fully realised, sponsorship-linked public relations needs to be strategically analysed and applied as a relationship building tool to fortify the sponsorship association in the mind of key sponsor target markets.

COLLABORATIVE COMMUNICATION

The term 'collaborative communication' describes a combination of particular business-to-business relationship-building communication attributes, including frequency, bi-directionality, influence activities, formality and value congruity. Each communication attribute is considered vital to the development of cooperative attitudes and behaviours, including joint marketing planning and action, and to the creation of an atmosphere of mutual support and respect.

Frequency of communication is especially important as occasions to leverage the brand association will often happen unexpectedly and may only present a brief window of opportunity. More frequent communication can also evolve into more efficient communication structures and public relations processes, which may also be important in the case of unplanned events that may generate positive or negative publicity and which require a quick response.

Bi-directional communication is important because it affirms the involvement and co-operation of stakeholders in the sponsorship process.

Influence activities are important as they highlight commitment to the relationship including a readiness to share confidential and proprietary information. Formal communication leads to more structured communication about important matters such as objectives, and may provide the forum (and time) necessary to co-develop sponsorship marketing and public relations plans.

Value congruity is the extent to which organisational members share similar values and the level of agreement on the priority of these values. The potential of collaborative communication stems from a point

made by the former Sydney 2000 Olympics marketing director who noted properties tended to remain passive in the sponsorship relationship, and the sentiments of others who suggest that the properties' core marketing expertise (that is, marketing to fans, members, spectators etc.) has often not carried over to the sponsorship relationship. Collaborative communication may induce greater property involvement and may clarify working assumptions, including critical roles and responsibilities.

Concerns over escalating costs, ambush activities, clutter and return on investment from sponsorship against other promotion alternatives, is likely to induce perceptions of diminishing return. Therefore, realising value is more critical in the current sponsorship environment than ever before. Gaining a competitive advantage in the sponsorship is achieved through development and deployment of valuable resources key to planning and implementation. To date attention has only been given to the financial resources needed to support a sponsorship effort. Financial support is clearly a minimum resource requirement but is seldom enough. Sponsorship effectiveness is more likely derived from the manipulation of intangible resources such as those skills associated with sponsorship-linked marketing and public relations. The collaboration that is the focal sponsorship relationship, through the interaction of both the sponsor and property, can be the source of new resources and skills. Marketers (and indeed performers) of sport or arts, rely continuously on their creative talents and sponsors can draw creative ideas from them. Provided sponsorship passes the test of creating value for key stakeholders, it may well become a source of sustainable competitive advantage.

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Did you know?

The biggest reasons why sponsors get it wrong

They concentrate on creating a bond with the event or sport or whatever and forget about creating and nurturing a bond with their target market.

They have a separate set of objectives for sponsorship that often have little to do with overall marketing objectives.

They don't use the same diligence and strategic approach for selecting and managing sponsorship that they do for all other major marketing expenditures.

They put one of their most junior marketers in charge of sponsorship – the single most powerful marketing medium they have.

The biggest reasons why sponsees get it wrong

Thinking that sponsorship is free money – that it doesn't require any effort, expenditure, or expertise to make it worthwhile for the sponsor – and focusing on their own financial need, not what they have to offer a potential sponsor.

Not understanding their audience well enough to be able to help a sponsor create a bond with them – you've got to do research!

Not servicing the relationship – receiving the cheque is the beginning, not the end, of responsibility to that sponsor.

Sending out dozens of uncustomised proposals to every major company they can think of. The 'shotgun approach' to seeking sponsorship is offensive to switched-on sponsors and the proposals are seldom considered and usually not even read. It is a waste of everyone's time and money.

Source: www.powersponsorship.com.au