A Preliminary Model Reflecting the Potential Contributions Shared by the Four Parties within the Realm of Sports Sponsorship

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A Preliminary Model Reflecting the Potential Contributions Shared by the Four Parties within the Realm of Sports Sponsorship

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**ABSTRACT**

Sports sponsorships have become an increasingly large investment for many organizations. IEG (citation) has forecast that in 2017, total global sponsorship spending will be approximately $62.8 billion, up 4.2% from 2016 expenditures. Close to 70%, or almost $44 billion, of total sponsorship spending will be directed towards the sponsoring of sports events, leagues, teams and individual sports personalities. And the bulk of these investments will be implemented by marketers such as McDonald’s and Coca-Cola in efforts to create a sports overlay so as to increase demand for nonsports products. Who benefits from this outpouring of money by companies? Of course, the sports sponsors themselves that are seeking a return on their investments in terms of financial and intrinsic gain are beneficiaries; otherwise these companies would not invest in this marketing strategy. We propose that in addition to sponsors, others who gain from sports sponsorships are threefold: the sports that receive resources from sponsors, the spectators of sporting events, and society as a whole. We propose a model of the various interactions among these four parties and the benefits received by each of these entities in the following paper.

**INTRODUCTION**

Sports sponsorships have become an increasingly large investment for many organizations. IEG (IEG 2017) has forecast that in 2017, total global sponsorship spending will be approximately $62.8 billion, up 4.2% from 2016 expenditures. Close to 70%, or almost $44 billion of total sponsorship spending will be spent on sponsoring sports events, leagues, teams and individual sports personalities. A total of 122 US companies spend more than $15 million each on sponsorships annually, with the five largest firms being: PepsiCo with $370-375 million, Anheuser-Busch with $360-365 million, Coca-Cola Co with $275-280 million, Nike with $260-265 million and AT&T with $200-205 million.

Who benefits from this outpouring of money by companies? Of course, the sports sponsors themselves that are seeking a return on their investments in terms of financial and intrinsic gain are the most logical beneficiaries; otherwise companies would not invest in this marketing strategy. It is proposed that in addition to sponsors, others who gain from sports sponsorships...
are threefold: the sports that received resources from sponsors, the spectators of sporting events, and society as a whole. As a result, a model of the various interactions among these four parties and the benefits received by these entities is proposed in the following paper.

**BENEFICIARIES OF SPORTS SPONSORSHIPS**

Four potential beneficiaries of sports sponsorships are examined in this study. The first of these is the sponsoring organizations that benefit by having access to new target markets and thus potentially increasing sales and revenue. Intangible benefits such as improved brand awareness and enhanced brand image are also potential results of sponsorship. The second group to benefit from sponsorships are the sports properties that received contributions of money or value-in-kind goods and services from sponsors. In addition, intangible benefits such as increased prestige and credibility to fan may also occur.

The third group of potential beneficiaries of sports sponsorships are the spectators and fans. Contributions of money and value-in-kind products/services can enhance the spectators experience by improving sporting venues and media coverage. In addition, spectators may have reduced ticket prices because of sponsors’ payments. Spectator may also experience intangible benefits such as increased access to athletes and an improved self-identity.

And finally, the fourth group that may benefit from sponsorship is society in general. Tangible benefits may include improved venues for viewing sports and other activities and relief from infrastructure expenditures. Also, intangible benefits such as heightened community pride and availability of a platform for cause related marketing initiatives.

These four groups all benefit each other as demonstrated in Figure 1. Just how each benefits the others is described below.
METHODOLOGY

As an initial foray into developing a model of the relationships between the 4Ss of sports sponsorships: the sponsors, the sports, the spectators and society as a whole, students in three sports marketing classes from two public universities were given an assignment to identify the twelve interactions between these entities and the benefits that each received from the other three parties. A total of 67 sports marketing students participated in the exercise and the compiled results of their responses follow. The findings outline both tangible and intangible benefits of each interaction that were identified by the respondents. In addition, an initial search of sports literature was conducted to add to and complement the students’ input.
FINDINGS

Below are outlined the twelve relationships between the beneficiaries of sports sponsorships as proposed by sports marketing students from two public universities. Both tangible (usually financial) and intangible (emotional, psychological, social and cultural) benefits are delineated.

How do Sponsors Benefit Sports?

The sponsors, including title sponsors and payers of venue naming rights, benefit sports by providing additional revenue streams, as well as value-in-kind contributions. These additional resources can benefit sports in both tangible and intangible ways, including the following:

Tangible Benefits:
Improvement of sports venues and facilities by either building new venues or renovating current venues.

- Improvement of the sports product by having the resources to increase the compensation of professional sports participants, thus attracting higher quality players.
- Value-in-kind contributions in the form of marketing support including advertising, publicity, and promotional activities such as coupons and giveaways can increase attendance at sporting events (Cobbs 2014)
- Value-in-kind contributions in the form of innovative technology can enhance the experiences of the sports participants and spectators, including those attending the event and those watching via some form of media. An example of a title sponsor that increased the technology of a sports product and thus the enjoyment of the sporting events by spectators (both live and via media) is the Verizon title sponsorship of Indycar. Verizon developed a mobile phone app to be used by spectators that provided live race statistics that are very detailed and include driver profiles, live leader board and racecar telemetries for each driver at any given time during the race.
- Increased tickets sales and media viewership due to improved facilities, sports products and promotions. New target markets including brand loyal customers of sponsors.
- Increased brand equity of sports product.
- Facilitate brand and line extension.
- Guaranteed future income for the sports property.
- It is even possible that without sponsors’ funding, a sports property, such as a youth sports teams, could not afford to compete (Gordon and Cheah 2014.)

Intangible Benefits:
- Increased awareness of sports property through sponsors’ leveraging and activation.
- Enhanced prestige, image and credibility of the sports property.
- The sports brand may be enhanced by improved facilities, players and experiences for the spectators.
• Increased attachment by fans to the sports property because of improvements made possible by sponsorship revenue.

How do Sponsors Benefit Spectators?

By providing contributions in the forms of money and value-in-kind goods and services, sponsors can enhance the experiences of the sports spectators in a variety of ways, both tangible and intangible.

Tangible Benefits:
• Potential for reduced ticket prices as sponsor provides sports property with additional revenue streams. Increased ability to attend live sporting events (Cobbs 2014, Gordon & Cheah 2014.)
• Enhanced media coverage, both traditional media and live streaming via internet mobile apps or satellite radio.
• Better facilities and sports product to enhance the spectators’ experiences.
• Greater selection of sport property merchandise for fan to win/buy (Gordon & Cheah 2014.)
• Promotional activities (giveaways, coupons, discounts, contests)

Intangible Benefits:
• Enhanced image/prestige of sports property appreciated by fans. Enhanced credibility of sport properties because of prestigious sponsors.
• Social benefits including a place to gather (venue, sports bars, TV coverage at home)(Gordon & Cheah 2014)
• Ability to interact with sports athletes or to participate in venue-based sports experiences. For example, Honda sponsors fast-laps opportunities for fans on the Mid-Ohio Sports Car Course during Honda Indy 200 at Mid-Ohio. Increased fan engagement.
• Link to athlete (being able to use the same products that athletes do)
• Opportunities to learn of new products.
• Bigger events with better media coverage.
• New ways to view sports events through innovative media.
• Increase sense of identity/belonging/community as sponsor provides fan access to athletes and experiences (Gordon & Cheah 2014)
• Enhanced peripheral product, i.e. fun halftime, pregame, in-game entertainment.

How do Sponsors Benefit Society?

By contributing money and value-in-kind products and services to sports properties, sponsors can benefit society as a whole, including communities in which sports events occur.
Tangible Benefits:
- Relief from infrastructure expenditures (stadium, access, parking) (Mules & Dwyer 2006)
- Technology development investment
- Improved/new facilities for multi-use besides sports events
- Economic stimulation/activity/velocity of money (Mules & Dwyer 2006.) For example, the University of Montana’s Intercollegiate Athletes Department impact on Missoula, MT includes 1,384 jobs, $120.8 million gross sales, $52.8 million added to Missoula economy (Barkey 2016.) Over half of the University of Montana’s $22.1 million athletic budget comes from sponsorship contributions.
- Outcome-based deals (Taco Bell: Steal a base, steal a taco during 2016-17 Major League Baseball World Series games)

Intangible Benefits:
- Cause Related Marketing platform (breast cancer awareness, support our military, etc). Awareness/discussion of society issues in brand campaigns (Guinness diversity in sports ads during 2015 Rugby World Cup)
- Alternative entertainment options
- Community pride/image/relations/unity/inclusion/outreach
- Access to players/sport
- Cultural influence of overseas sponsors
- Product prototypes (Nike as the gold standard for athletic footwear)
- Patriotism/culture – rooting for hometown/home country team during national, international and global events translates into pride/feelings for community/country, etc

How do Sports Benefit Sponsors?
Sports provide sponsors a platform from which to market their goods/services to spectators and participants. The ROI may include both tangible and intangible benefits, including the following:

Tangible Benefits:
- Outlet for promotions: increase consumer awareness resulting in increased sales (Cornwell, Weeks & Roy 2005.)
- Access to niche market consumers who are fans of a sports
- Access to sports fans who avoid traditional forms of promotion
- Ability to sell at sports venue (distribution opportunities) (i.e.: Firestone Tires/Sunoco gas at Indycar races/Dr. Pepper at Oklahoma State University football/basketball games)
- Access to live audience for marketing research/demonstrations/ foster product trial
- Access to influencers/endorsers to help sell products
- Branding/cobranding opportunities
- Market development opportunities
• Contractual benefits (signage, hospitality suites, advertising, promotional activities, category exclusivity)

Intangible Benefits:
• Enhance customer loyalty from those loyal to sport (Levin, Beasley and Gamble 2004, Tsiotsou & Alexandris 2009.)
• Increased brand equity (Cornwall, Roy & Steinhard 2001, Tsiotsou & Alexandris 2009.)
• Increase credibility
• Access to venues/events for hospitality for clients/potential clients and enhanced employee morale

How do Sports Benefit Spectators?

Sports benefits spectators by fulfilling the various motives that spectators may have for watching a sports. These motives may be either tangible or intangible and include the following:

Tangible Benefits:
• Products: game experience, apparel, souvenirs
• Venues for game and other uses

Intangible Benefits:
• Increased entertainment options
• Family bonding
• Social interaction with friends/other fans. Way to meet new friends.
• Topic of conversation at work and social gatherings/commonality
• Sense of identity/pride including Basking in Reflective Glory (BIRGing) and Casting off Reflective Failure (CORFing) (Branscombe & Wann 1991, Swindell & Rosentraub 1998, Gibson, Willming & Holdnak 2002, Wann 2006.)
• Something to complain about (some people thrive on dismay about favorite team)
• Inspiration/motivation to achieve goals/role models
• A place for men to cry without judgment/emotional outlet
• Memories/nostalgia
• Competition
• Being a sports fan is good for a person’s health including preventing depressions, improving relationships if both parties are fans, keeping the mind active, losing weight if emulating athletes, building self-esteem and aiding living longer.

How do Sports Benefit Society?

Sports enhances society by providing needed revenue for infrastructure and other societal needs, as well as providing a sense of pride, self-identification and a code of ethics. Sports myths are the same myths as those of society.

Tangible Benefits:
• Tax revenue (Swindell & Rosentraub 1998)
• Revenue to local economy (velocity of money) (Mules & Dwyer 2006, Barkey 2016)
• Venues for multi-use (Swindell & Rosentraub 1998)
• Property development/increase property value/community growth
• Revitalization of inner cities or other neighborhoods
• Employment
• Financial (fantasy sports/gambling)

Intangible Benefits:
• Patriotism/honor/prestige/recognition/sense of pride (Swindell & Rosentraub 1998)
• Geographic pride (Swindell & Rosentraub 1998)
• Escapism, “an oasis of tranquility in a turbulent society” (Smith 1988)
• Healthier way of life demonstrated/platform for self-improvement
• Concepts of sportsmanship/fair play
• Drama/eustress without consequences
• A way to vent/nonviolent outlet for aggression/anger/stress
• Sports has positive impact on education including attainment, lower absenteeism and drop-out rates, and increased progression to higher education.
• The myths of sports: the underdog can win (Cinderella teams), that hard work and dedication can prevail over pure talent, that anyone can succeed in sports, Good verses evil, etc.
• Positivity/healing (Houston winning World series so soon after devastating effects of Hurricane Harvey
• Support of charities/causes. Cause related expenditures (HR4HR). The altruism (or publicity seeking) of athletes who visit hospitals, work with kids, etc.
• Platform for social protest (NFL players taking knees)/platform for political/social discussion/platform for equality (issues of racism, sexism and classism)

How do Spectators Benefit Sponsors?
Spectators are potential markets for the sponsors’ products and services. The benefits provided by spectators include brand awareness, preference and loyalty, as well as purchase intentions.

**Tangible Benefits:**
- Purchases at the venue and elsewhere produce revenue stream
- Market Development/new target markets (Gordon & Cheah 2014)
- Investors/potential stockholders
- Additions to sponsors’ direct marketing database as often will get data from spectators at the venue, i.e. Indycar Fan Village where fans give personal data to win prizes and experiences.

**Intangible Benefits:**
- WOM/social media, spreading the brand message, becoming advocates of the brands/company (Park & Jun 2017)
- Eyes/audience for venue signage and leveraging activities
- Viewership via media, including re-broadcasts and sports news
- Subjects for marketing research at the venue
- Ability to facilitate trial at the sports venue
- Increased brand credibility/legitimacy

**How do Spectators Benefit Sports?**

Without spectators, sports would be meaningless. Spectators provide the tangible benefits of revenue from ticket sales and potential for revenues from sponsors, as well as intangible benefits of atmosphere and excitement at a sports event.

**Tangible Benefits:**
- Provide an audience
- Revenue from ticket sales, concessions, merchandise at the venue, licensed merchandise purchased elsewhere
- Potential employees
- Revenue from sponsors to reach fan base
- Viewership via media to increase ratings that attract better sponsors
Intangible Benefits:
- Excitement/enthusiasm/home field/advantage
- Sports rituals/crowd/venue atmosphere
- Legitimacy of a full stadium
- Viewers via media, also of rebroadcasts and sports news
- Prestige/image
- Fanaticism
- A reason/purpose to play
- Social media/WOM to spread team message/becoming team/sport ambassadors (Tsiotsou & Alexandris 2009, Park & Jun 2017.)
- Support when behind or on a losing streak/knowledgeable fans can influence the game (Rowdy football fans in North End Zone in Washington Grizzly Stadium at the University of Montana have caused more than one fumble by the opposing team!)
- Ability for sport to grow
- Home field advantage
- Motivation to perform at peak level

How do Spectators Benefit Society?

Sports spectators are members of society who contribute to the fabric of that society in tangible and intangible ways including the following:

Tangible Benefits:
- Tax revenue from ticket, concession and merchandise sales, as well as lodging, sustenance (restaurants and bars), transportation (airport tax, rental cars, public mass transportation)
- Jobs/employees
- Investment opportunity

Intangible Benefits:
- Passion/unity/strong bonds
- Multicultural awareness
- A way to look beyond differences (racial/ethnic/political/religious/gender/sexual orientation)
- Community sense of pride
- Normative influences
- Interest to return to a community to explore when there is not a sporting event occurring
How does Society Benefit Sponsors?

Society provides the cultural, social and moral environment in which sponsors operate.

Tangible Benefits:
- Potential consumers/target markets
- Technology to market (TV, radio, internet, mobile phone apps, etc)
- Technology to leverage/activate sponsorship

Intangible Benefits:
- Rules/regulation of commerce/doing business
- Advertising/promotional opportunities
- Infrastructure in which to operate
- Link to the community
- Social media/WOM spreading sport brand
- Sports is a huge component of US society/spirit of competitiveness and this increases number of sports fans
- Schools, youth programs, universities as training ground for pro-athletes who become endorsers of brand

How does Society Benefit Sports?

Society provides the cultural, social and moral environment in which sports operate.

Tangible Benefits:
- Potential spectator/fans to increase ticket sales and media viewership
- Taxes for venue/infrastructure development and maintenance (Stepman 2017)
- Workforce/employees
- Donations for funding to amateur/college sports programs

Intangible Benefits:
- Cultural overlay
- Social norms of sportsmanship/fair play/proper decorum of players and fans
- Ethical basis for operating
- Values of health, physical activity and competition
- A place to call home
- Community support
- Venues for viewership such as sports bars
- WOM/social media exposure
- Excitement/reason to perform and win
- Motivation to change core sport product, augmented sports product or ancillaries.
How does Society Benefit Spectators?

Society provides the cultural, social and moral environment in which spectators operate.

**Tangible Benefits:**
- Venue for event, as well as the maintenance and upgrading of venue
- Infrastructure of transportation, communication, hospitality
- Culture of gambling results in betting/fantasy sports

**Intangible Benefits:**
- Cultural context that dictates social norms for behavior and an ethical baseline
- Sense of community/belonging/hometown pride
- Employment to be able to afford tickets and other sports-related purchases
- Generations of fans – sports can be a deeply rooted heritage or family value
- Social class of how sports are watched at the venue (luxury boxes to general admission seats)
- Social media for fans/spectators

**DISCUSSION AND FUTURE RESEARCH**

The contributions that each of the beneficiaries of sports sponsorship provides for the other three beneficiaries are detailed above. These contributions are both tangible and intangible. By no means are the 12 lists of benefits collectively exhaustive. As benefits were identified by university students and a basic review of the sponsorship-focused literature, the next step will be to refine this list via a more extensive literature search as well as interviews with sports marketing professionals from sponsors and sports properties, as well as spectators and members of society.

While this study only looked at contributions that each beneficiary bestowed on the other beneficiaries, it would be worthwhile to also examine any negative outcomes generated by sports and sports sponsorships. For example, Wann (1994) poses that sports fandom is an opiate for society, transmits distorted values to spectators and society and reduces the time allotted to art and culture.

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ABOUT THE AUTHORS

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