

SPONSORSHIP DECISIONS: MOVING FROM THEORY TO PRACTICE TRACK- MARKETING

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ABSTRACT

The dynamic nature of the business environment requires constant scanning and analysis of this environment to hone existing market strategies. Continuous modification of market strategy is essential to ensure its effectiveness. Berret and Slack (1999) have substantiated sport sponsorship as a viable component contributing to market strategies. Sponsorship activities principally rely on exchange theory (McCarville & Copeland, 1994); an appropriate transfer of value between parties involved through the sponsorship. In 2004 business sponsorship expenditure in the United States is projected to reach \$11.4 billion, an increase of 14% over 2003. Contributing to this total were several large corporations that spent over \$100 million each on sponsorship programs (IEG, 2004). Thus the decisions involved in this economic sector are significant. Corporations have begun to reassess the values and benefits gained through sport sponsorship since the economic recession of the early 2000s. Stadium naming rights fees, an area that had seen tremendous growth during the past 10 years, experienced a 16% decrease (Bernstein, 2001a). In addition, the downward movement in many corporate stocks, projected earnings shortfalls and decreased company profitability caused some shareholders to question sport sponsorship as an appropriate expenditure of funds.

Much of this corporate reassessment has focused on the measurement of sponsorship effectiveness. In this regard, several questions are being asked: what objectives are being met through the sponsorship program?, could these objectives be accomplished through other marketing actions?, what is the relative measure of effectiveness of sport sponsorship? Research in the field has suggested that a variety of corporate objectives are pursued through sport sponsorship including: hospitality, trade relations, enhanced corporate image, increased market share, client acquisition, product awareness and on-site sales (Stotlar, 2001, Pope & Voges, 2000; Thwaites & Aguilar-Manjarrez, 1997; Copeland, Frisby, & McCarville, 1996; Irwin & Sutton, 1994; Kuzma, Shanklin & McCally, 1993). Through the accomplishments of these objectives, sport sponsorship has proven to be effective in shaping competitive advantages in the market (Amis, Pant & Slack, 1997). However, some corporations have struggled with their decisions to pursue sport sponsorship. The work of Kuzma, Shanklin, and McCally (1993) laid a framework for sport organizations engaged in packaging and selling sponsorship with an underlying premise focused on sponsor objectives. However, a distinct model for sponsors' decision-making has not been established. This paper forwards a conceptual model based on the suggestion that the most appropriate process for decision-making emanates, not from what the sponsorship generated, but from whether the specific marketing objectives of the corporation are addressed. It is hoped that the use of this model will be enable corporate sponsors to more effectively engage in the decision-making process when considering sport sponsorship.