

Scientific review

SPONSORSHIP AS AN INSTRUMENT OF MARKETING COMMUNICATION (WITH EXAMPLES FROM SPORT)

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Abstract: Sponsorship represents a business relationship between an organization which provides means, resources or services and individuals, events or organizations, which in return offer certain rights and associations that can be used for commercial purposes. Most often sports, artistic and music events, socially useful activities, teams, competitions, individuals, fairs, exhibitions, various educational, health and social programmes are sponsored. The media pay great attention to sponsored events, so it is quite useful for brand strength and publicity, as well as for creating the image and reputation of a sponsoring organization as being socially responsible. Sponsorship provides the publicity of an organization in the media and, in case of great events, the media attention on the global level. Therefore, investing in sponsorship is continually on the increase. Sponsorship represents an effective tool of marketing communication which enables meeting one of its most significant targets: to send a certain message to a specific target group in a specific moment. Sponsorship is the most effective when it is integrated and used in synergy with other instruments of marketing communication.

Keywords: *sponsorship, advertising, public relations, marketing communication, sports marketing, sport*

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INTRODUCTION

Sponsorship represents connecting an organization with an individual or a certain event (usually sports or culture event), with the aim of promoting the organization, its products or services. Sponsorship is considered to be an integral part of the function of public relations (Lawrence, 2001, p. 493, 501), their significant element (Kotler, Keller, 2006, p. 595; Kotler et al., 2007, p. 795), specific activity of public relations (Filipović, Kostić-Stanković, 2011, p. 163), or public relations strategy (Lamb et al., 2013, p. 281). There are also authors who 'find sponsorship to be a form of economic propaganda, having in mind that its effects are connected with the media (more specifically, multimedia) support' (Vračar, 2005, p. 158). Due to the accelerated development, increasing importance and wider usage of sponsorship, some authors (Ognjanov, 2013, p. 284; Jobber i Fahy, 2006, p. 234) find sponsorship to be a special instrument of marketing communication. This is especially visible in the field of sports marketing (as a special form of marketing), where sponsorship has the main role, which sometimes causes these two terms to be used as synonyms (Sleight, in Vračar, 1999, p. 133). The alleged differences in attitudes point out the necessity to integrate and synergize all instruments and means of marketing communication (Krstić, 2016).

Definition and main characteristics of sponsorship

Sponsorship is defined as 'a business relationship between one that provides means, resources or services and individuals, events or organizations, which in return offer certain rights and associations that can be used for commercial purposes' (Sleight, 1989, in Jobber, Fahy, 2006, p. 252). As we can see, this is a mutually useful relationship, regulated by sponsorship agreement. Most often sports, artistic and music events, socially useful activities, teams, competitions, individuals, fairs, exhibitions are sponsored (Jefkins, 2003, p. 206-208), but various educational, health and social programmes as well (Lamb et al, 2013, p. 282). The media pay great attention to sponsored events, which is why it is very useful for brand strength and publicity, as well as for creating the image and reputation of a sponsoring organization as a socially responsible entity.

It is the most popular choice to sponsor sports events due to the great conspicuousness given by live broadcasts and the opportunity to attract a large number of people. The studies by Kotler and Keller (2006, p. 591) have shown that even 69% of all investments in sponsorship is spent on sponsoring sports events. In 2013, Lamb and associates confirmed this percentage (Lamb et al., 2013, p. 281). Sponsorship provides the publicity of an organization in the media- the events that are followed by the whole world (for instance, football championships, tennis tournaments, the Olympics) provide global media attention. Therefore we cannot be surprised by the fact that the investments in

sponsorship are constantly on the increase, with annual growth from 10% to 15% (Stanković, Đukić, 2014, p. 176).

What contributes to this growth is definitely the suspiciousness of the public regarding some other instruments of marketing communication, above all, regarding advertising, personal sale and various types of direct marketing, where the credibility of advertising messages comes into question, as well as their persuasive characteristics, highlighting the importance of material values, intrusion into citizens' privacy... On the other hand, it is easier to reach target groups by using sponsorship activities, as the messages from the sponsors are quite often acquired unconsciously. They can be presented unobtrusively, while the sponsors successfully build their image and reputation by investing in activities and events which are socially highly significant, broadcast by the media, and gladly watched by the audience. Sponsorship is also widely used as it is becoming more difficult to differentiate products from competition by advertising in the mass media (Lamb et al., 2013, p. 281).

The factors which affect the development of sponsorship as an instrument of marketing communication are (Hitchen, 2001, p. 513-514):

- Fragmentation of the traditional media,
- Creating convenient associations,
- Overcoming language and culture barriers,
- Speaking to the wide and various audience,
- Overcoming legal boundaries regarding advertising,
- The opportunity to target the audience.

When an organization chooses the event for sponsoring, it has to take into consideration several key questions, such as: 'communication goals of the organization, its key market, the risks regarding sponsorship, the chances of promotion and sponsorship expenses' (Jobber, Fahy, 2006, p. 255).

From the sponsors' point of view, an ideal event is the one:

- Whose audience is the same as sponsors' target group
- Which draws attention,
- Which is unique, but free from other sponsors
- Which is compatible with other promotional activities (for instance, these events can be used for sharing promotional material with the organization logo and the event itself, advertising, creating additional publicity, fundraising for charities, which shows that the sponsor is socially responsible),
- Which will contribute to stronger image of the product or organization (Kotler, Keller, 2006, p. 592).

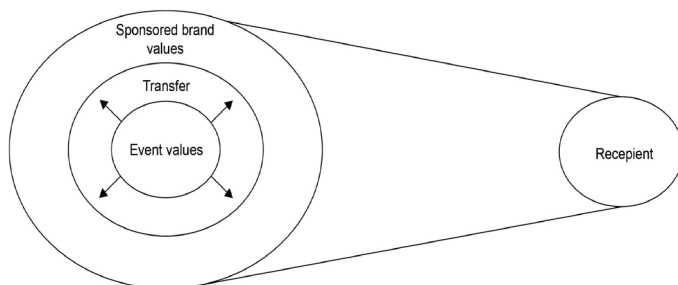
Brand image and reputation are included in the most significant values of an organization which provide competitive advantage, as they change relatively slow and are very specific in every organization (Ljubojević, 2001, p. 103-105). Accordingly, increasing the awareness of brand or organization, as well as the

improvement in their image and reputation, are some of the most important reasons to sign a sponsorship agreements, as it has been stated that sponsorship has a positive effect on image strenght and reputation of an organization and its products / services, as well as on competitive advantage which can be maintained if sponsorship is integrated in unique unity with other instruments of marketing communication mix, with the aim of sending a clear and consistent message to target groups. For that purpose, celebrities are often used (celebrity endorsement).

Sponsorship creates beneficial associations about brands and companies and it strengthens their position on the market. Both sponsors and the sponsored activity are included in the relationship, and the value is transferred from the activity to the sponsor (Jobber, Fahy, 2006, p. 254), while the event or personality image is transferred to the image of the organization-sponsor (Picture 1). This is the so-called image transfer. Ljubojević even claims that 'almost finished image is bought by a sponsor' (2001, p. 108, 110-111).

Picture 1. *Transfer of the sponsored image*

(Source: Meenagham, Shipley, 1999, in Ljubojević, 2001, p. 112)



By becoming a part of special events which have some personal value for consumers, an organization improves the relationship with its target market. Sponsorship enables an organization to be included in the favourite activities of its target groups and therefore strengthens their loyalty, and gains new clients. The people who see the name, logo and other symbols of a sponsor at an event create some kind of association between the sponsor and the sponsored activity. Frequent exposure to some brand has a positive effect on the attitude of consumers and their product preferences, which is what continues to live in their memory and consciousness even after the event is ended.

Sponsorship is very popular in situations when there are legal boundaries regarding media advertising (for instance, tobacco industry, alcohol drinks).

Sponsoring schools and hospitals, providing equipment, supporting the programmes which are socially significant can contribute to gaining the reputation of a socially responsible company which takes care of social welfare. Many foreign companies participate in such actions on the local

markets (Jobber, Fahy, 2006, p. 254). As this is how an organization shows responsiveness and care about the problems of the community where it operates, sponsorship has bigger promotional potential than other means of marketing communication (Ljubojević, 2001, p. 109).

Sponsoring activities of an organization are usually supported by advertising, whose aim is to announce the next event, with emphasis on the sponsor as socially responsible entity willing to invest in events which are of great interest for the whole society, so 'every investment in sponsorship implies at least double investment in the additional advertising activities' (Ognjanov, 2013, p. 288-289). However, it is interesting to notice that the experiences from leading companies show that sponsorship is eight to ten times more efficient than advertising (Ljubojević, 2001, p. 122), probably due to the fact that sponsored events are most often followed by significant publicity.

Apart from this, sponsorship represents an effective tool of marketing communication, as it enables fulfilling one of its most significant criteria: 'to send a specific message to a specific target group' (Sleight, 1989, in Hitchen, 2001, p. 514).

One of the most impressive and the most effective examples of sponsorship in contemporary marketing practice is the so-called freefall from the edge of space, performed in 2012 by an Australian parachute jumper, Felix Baumgartner, organized within the Red Bull Stratos project (2012a). This event was directly followed by more than a million people all around the world, and until June 2016, this video has been watched on YouTube channel of Red Bull company by more than 40 million people (Felix Baumgartner's supersonic freefall from 128k' - Mission Highlights, 2012). In this way, Austrian company for energy drinks Red Bull has been introduced to millions of people on the global level, but it has also efficiently reached one of its most significant target groups made of young people keen on adventures and extreme sports (Picture 2).

Picture 2. Austrian parachute jumper Felix Baumgartner performs his jump from stratosphere, sponsored by Red Bull (Source: Red Bull Stratos, 2012b)



Sponsorship goals

The reasons why an organization would like to become a sponsor and potential sponsorship goals by an organization are as follows (Stanković, Đukić, 2014, p. 174-175; Masterman, 2008, p. 247, 266-267; Sandler, Shani, 1993, in Ljubojević, 2001, p. 107):

- Creating visibility and spreading awareness of the organization/ product/brand on the existing market and raising awareness on the new markets,
- Creating bigger/global awareness regarding the brand/organization
- Introducing new products to the selected target markets,
- Increasing the scope of sales and presence on the market, i.e. achieving better positioning on the market,
- Differentiation from competition, as well as gaining advantage over competition,
- Building or improving image and reputation of the organization/ product/brand,
- Creating positive public opinion and attitude,
- Avoiding ban on advertising in the mass media,
- Maximum presence in the media and creating publicity,
- Focus of communication message,
- Improving the relationships with the existing buyers and creating loyalty,
- Establishing friendly relationship with the audience,
- Establishing business cooperation with key clients of the organization,
- Establishing/improving relationships with the local community,
- Gaining the trust of investors and financial structures.

An organization can be guided by one of these goals or it can combine more of them, but they should definitely be in accordance with general strategic goals of the sponsoring organization.

Various levels of the status of sponsors

The sponsors of a sports event can have different levels of status and they can have different rights, depending on the amount of their participation in the organization of a specific event (Masterman, 2008, p. 249-251). These rights include certain benefits and naming sponsors at sports events, but they also include the relationship with other sponsors at the same event. These can be the following:

- *Title rights*, which imply the right of a sponsor to demand the name and logo of the event to contain its name, the name of its product or brand, for instance, Belgrade Banca Intesa Marathon (Picture 3), Jelen Super liga;

Picture 3. *Belgrade Banca Intesa Marathon*
(Source: Banca Intesa, 2009)



- *Presentership rights*, which imply that the name of a sponsor stands next to the name of the event (but not in the title of the event itself) and that the event logo also contains the sponsor's logo, for instance, Davis cup by BNP Paribas (Picture 4);

Picture 4. *Davis Cup by BNP Paribas*
(Source: Davis Cup, 2013)



- *Naming rights* are connected with sport facilities and they usually imply long term agreements which enable sponsors to give their name, their products or brand name to the facility, for instance, Beogradska arena is now named Kombank Arena thanks to its sponsor, Komercijalna banka (Picture 5);

Picture 5. *Kombank Arena – Belgrade*
(Source: Kombank Arena, 2015)



- *Category rights* imply that a sponsor is the only and exclusive representative of his/her expertise and this excludes the possibility to have another organization from the same sector as a sponsor (for instance, Coca Cola and Pepsi), which helps providing competitive advantage due to high level of exposure; according to Mullin and associates (2000, in Masterman, 2008, p. 268), market exclusivity represents one of the most important and key benefits every sponsor desires²;
- *Supplier rights* refer to those sponsors who offer goods or services at sports events. These sponsors can also have exclusive category rights. There can be one or more such sponsors at an event, and those who have sponsorship rights or presenting rights can also have supplier rights. This type of sponsorship is sometimes called barter arrangement and it is used quite often.

Sponsorship structures

When we talk about the number of sponsors at an event, Masterman (2008, p. 252-257) differentiates three basic sponsorship structures:

- *solus structure* – implies the existence of only one sponsor at a sports event which gains all or some rights connected with that event;
- *tiered structure* refers to hierarchical range of sponsors when there are two or more levels of sponsorship; each level can have more sponsors, and their rights are based on these levels; sponsorship rights are usually at the top of the pyramid and they imply the highest level of sponsorship with the biggest amount of invested cash and therefore with the biggest scope of rights and usage;
- *flat structures* imply that all sponsors have equal status, even though every sponsor can invest the same or different material means (money, services or goods) and to have the same or different rights and usage from the event.

Disadvantages of sponsorship as an instrument of marketing communication

Along with the growing popularity and increased investments in sponsorship, and numerous and indisputable advantages that make organizations choose this type of marketing communication with the audience, there are also some disadvantages of this instrument which are connected with (Stanković, Đukić, 2014, p. 176, 181; Ognjanov, 2013, p. 289; Smit, 2002, p. 372):

² *Exclusivity* was firstly introduced to sponsorship programme by International Olympic Committee at the Olympics in Seoul in 1988 (Mullin et al., 2000, in Masterman, 2008, p. 268).

- the inability to control the whole range of situations, from weather conditions to supporters' behaviour, which brings far greater risks regarding sponsorship than classic advertising;
- danger from the so-called ambush marketing³, when competitors use the opportunity and take advantage without investing in sponsorship;
- the possibility of injury of the sponsored athlete which leads to his/her break (permanent or temporary) in sports activity;
- the possibility of unexpected problematic behaviour or failure of the sponsored athlete, which can lead to endangering or destroying the image of the sponsor, as well as to scandals in the sponsored sports club;
- the existence of a large number of sponsors which can confuse the audience and decrease the sponsorship effects;
- the problem of measuring the effects of sponsorship, when usually the following communication effects are measured: the interest of the public for the sponsored individual, organization or event; the visibility of the sponsor in public; the awareness and attitudes of the public regarding the sponsor; familiarity of the sponsor and the level of exposure to the public.

CONCLUSION

Sponsorship represents connecting of an organization with an individual or an event with the aim of promoting the organization itself, its products or services. This is a business relationship between the organization which provides means, resources and services, and an individual, event or organization which in return offer certain rights and associations that can be used for commercial purposes. Most often sports, artistic and music events, socially useful activities, teams, competitions, individuals, fairs, exhibitions, various educational, health and social programmes are sponsored.

The media pay great attention to sponsored events, so this is very useful for brand strength and publicity, as well as for the creation of image and reputation of the sponsoring organization as a socially responsible entity. Sponsorship provides the publicity of the organization in the media and, quite

3 *Ambush marketing* represents a relatively new marketing technique which implies planned and well structured attempt of an organization, often the competitor of the official sponsor, to take advantage from a sports event and to draw attention to themselves, even though they have no sponsorship rights. Ambush marketing is considered to be unethical. The protection of the rights of sponsors and introducing useful control are some of the most sensitive ethical issues in contemporary sport, having in mind that 'sports events represent one of the main means of communication which offer a wide range of possibilities not only to sponsors, but to many others as well' (Masterman, 2008, p. 277).

often, the media attention on the global level. This explains the continuous growth of investments in sponsorship.

The disadvantages of this instrument of marketing communication are connected with: the inability to control a great number of situations, starting from supporters' behaviour, injury of the sponsored athlete and his/her failure, up to unexpected problematic behaviour that could lead to endangering or ruining the sponsor's image; the existence of great number of sponsors which can decrease the effects of sponsorship; the threat from ambush marketing; the problem of measuring the effects of sponsorship.

Sponsorship represents an effective tool of marketing communication which enables fulfilling one of its most significant criteria: to send a specific message to a specific target group in specific moment.

The specificities of sponsorship make it a 'hybrid type' of marketing communication where the elements of advertising (a type of paid appearance in the media) and organizations of special events and, consequentially, publicity, overlap, which falls under the domain of public relations. The need for integration and synergized functioning of all instruments and means of marketing communication is indicated after all these conclusions.

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