

chapter

13

Sponsorship

KNES 452 – Lecture 10

Sponsorship vs. Partnership

- A cash or in-kind fee paid by a client to a property in return for access to the exploitable commercial potential.
- A win–win situation where the client and the property both benefit.

- **Partnerships** are two or more organizations working together to achieve a common goal. Partnerships can be short or long-term and usually involve a sharing of responsibility, resources (financial or in-kind), risk and reward.
- While the term “sponsor” has all kinds of meanings depending on your environment, **sponsorships** are essentially a commercial arrangement where one party receives cash or in-kind and the other party receives some form of tangible / intangible benefit in return for their contribution. In a sponsorship, you may be working together to fulfill an agreement but odds are, you don't usually share the same objective. When's the last time a sponsor of yours had the same goal?

Sponsorship v. Donation

Sponsorship

- *A business relationship between a provider of funds and a sports event or organization*
- *offers in return some rights and an association that may be used for commercial advantage*

Donation

- *Altruistic motives (not commercial) = humanistic or community concerns rather than commercial return on investment*
- *Good is being done with donated resources.*

Sponsorship

- acquisition of rights to affiliate or directly associate with a product or event for the purpose of deriving benefits
- promotional objectives
- include retail opportunities, purchase of media time, entitlement of an event or facility (the McDonald's LPGA Championship or the Lucas Oil Dome), or hospitality.

Reasons for Growth in Sport Sponsorship

- Decreased effectiveness of advertising in print and on TV
- Increased interest in sport and leisure time
- Opportunity for two-way communication
- Changing social priorities: Statement of priorities by sponsor and consumer
- High consumer acceptance “life-styled marketing”

Why Sponsorship?

- Lifestyle marketing
- Exclusivity
- Heightened communication
- Publicity

Sponsors' Objectives

- To increase public awareness of the company, the product, or both
- To build goodwill among decision makers
- To generate media benefits
- To achieve sales objectives
- To gain unique opportunities in terms of hospitality and entertainment
- To secure entitlement or naming rights (Houston Texans Reliant Stadium / Ford Field)

Sponsorship Ambushing (Ambush Marketing)

- *competing brand connects itself with a major sporting event without paying sponsorship fees*
 - Wendy's in 1988 Winter Olympics
 - Amex in 1992 Olympics
 - Nike in 1996 Olympics
 - Pepsi in 1990 NHL
 - 2006 World-Cup: [Budweiser](#) vs. [Heineken](#)

Ethical Issues

- **Undue influence**
- **Social responsibility**
 - Alcohol sponsorship
(Beer companies spend more than \$50 million annually just on advertising during NCAA football and basketball telecasts)