SPORT SPONSORSHIP: APPEAL AND RISKS

Prof Ellen L. Bloxsome
Griffith University, Australia

Kevin E. Voges
Associate Professor in Marketing
Department of Management
University of Canterbury
New Zealand

Prof Nigel K. Ll. Pope,
Griffith University, Australia

Abstract

Sport sponsorship is a particular case within the sponsorship industry. It is distinct from the more philanthropic forms of sponsorship, which appear to be less motivated by commercial objectives, and which generally achieve less significant commercial returns (Calderon-Martinez, Mas-Ruiz & Nicolau-Gonzalbez, 2005). In this paper, the advantages of sport sponsorship are reviewed to identify why sport sponsorship is more popular than other forms of sponsorship. Despite this popularity, the sponsorship of sporting events and individuals also carries some risks. In this paper, we also review the risks, including generic risks such as the risk of news media reporting that is interpretive rather than objective. Other risks relate more directly to sports, particularly the effects of winning and losing on audience attitudes (or sponsorship objectives), and the impact of off-field behaviour otherwise unrelated to the event threatening the objectives of corporate sport sponsorship.
Introduction

A number of sponsorship objectives have been identified in the literature. These include the communications objectives of media reach, consumer recall, awareness and recognition (Cameron, 2009; Calderon-Martinez, Mas-Ruiz & Nicolau-Gonzalez, 2005; Felten, 2009; Grohs, Wagner & Vsetecka, 2004; McDonald, 1991), affective objectives of consumer attitude development and image transfer (Cornwell, 1995; Farrelly, Quester & Burton, 2006; Grohs, Wagner & Vsetecka, 2004; Gwinner, 1997; Gwinner & Eaton, 1999; Smith, Graetz & Westerbeek, 2008; Tsiotsu & Alexandris, 2009), and the more behavioural objectives of share value development, returns on investment and sales (Calderon-Martinez et al, 2005; Cornwell, Pruitt & Van Ness, 2001; Hutchinson & Bouchet, 2010; Meenaghan, 1983; Miyazaki & Morgan, 2001). Sponsorship contracts may be driven by one objective or by a combination of objectives; occasionally they appear not to be linked with objectives at all, as in cases where decision-making is driven by the “chairman’s choice” (Pearsall, 2010; Sylvestre & Moutinho, 2008).

Sport sponsorship is a significant component of the sponsorship industry. It can be distinguished from more philanthropic forms of sponsorship that appear less motivated by commercial objectives, and which consequently achieve less significant commercial returns (Calderon-Martinez et al, 2005). In this paper, we review the appeal of sport sponsorship to identify why sport sponsorship is more popular than other forms of sponsorship. A secondary issue that will also be considered are the risks of sponsoring sporting teams and individuals, both generic risks relating to general media coverage, and more specific risks relating to team performance and individual off-field sportsperson behaviour.

The Appeal of Sport Sponsorship

If sport is a popular mechanism for achieving sponsorship objectives, if follows that the characteristics of that mechanism must offer some competitive advantage over alternative mechanisms. We argue that sport is a popular sponsorship mechanism because it is capable of providing access to mass markets (Slater & Lloyd, 2004), as well as providing access to highly targeted ‘loyal’ or ‘committed’ fans (Cornwell & Coote, 2005; Gwinner & Swanson, 2003; Mahony & Madrigal, 2000). This section considers metrics to identify the size of audiences and to consider the emotional appeal of sports as evidenced by the level of consumer devotion to sports relative to alternative mechanisms.

Audience Reach - Attendance

The overwhelming preference for sports as a sponsorship mechanism probably leads to an expectation that all of the audience metrics will favour sport over other mechanisms. Recent global statistics suggest that sport sponsorship accounts for somewhere between 68% (IEG, June 8, 2009) and 84% (Fenton, 2009) of all sponsorship spending. Older Australian statistics suggests that sport was the recipient of roughly 60% of sponsorship funding in the 1996-1997 year, with other Australian categories in the same years accounted by: education programs (8%), arts and cultural programs (6.25%), trade shows and conferences (11%), and other sponsorship (14.5%), (ABS, 1999: 4144.0). This shows the global preference for sports sponsorship is reflected in the Australian preference.
However, despite this “lions share” of the sponsorship budget, it is not reflected in attendance figures. Perhaps surprisingly the performing arts appear to attract higher levels of attendance than sport (ABS, 2010a: 4172.0; ABS, 2010b: 4174.0). In the 2005-2006 year the performing arts in Australia achieved 11.4 million paid attendances, or 50% of the adult Australian population (ABS, 2008: 8697.0). In contrast in the same period, sport achieved 7.1 million attendances (ABS, 2010b: 4174.0). By 2009-2010, sports attendances had increased to 7.6 million attendances (ABS, 2011: 4156.0). However the proportion of the adult population attending sport events has remained stable over this time, with 44% in 2005-2006, and 43% in 2009-2010 (ABS, 2010a: 4174.0; ABS, 2011: 4156.0). This stability suggests that sports are a long way behind performing arts in annual attendance figures.

Table 1: Top Five Popular Sports in Australia and Queensland by Number, Attendance Rate and Rank, 2009-2010.

<table>
<thead>
<tr>
<th></th>
<th>Australia</th>
<th></th>
<th></th>
<th>Queensland</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Attendance Rate (%)</td>
<td>Rank</td>
<td>Number</td>
<td>Attendance Rate (%)</td>
<td>Rank</td>
</tr>
<tr>
<td></td>
<td>(‘000)</td>
<td></td>
<td></td>
<td>(‘000)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AFL</td>
<td>2831.8</td>
<td>16.2</td>
<td>1</td>
<td>212.7</td>
<td>6.1</td>
<td>4</td>
</tr>
<tr>
<td>Horse racing</td>
<td>1940.3</td>
<td>11.1</td>
<td>2</td>
<td>364.9</td>
<td>10.5</td>
<td>2</td>
</tr>
<tr>
<td>Rugby League</td>
<td>1563.8</td>
<td>8.9</td>
<td>3</td>
<td>598.0</td>
<td>17.2</td>
<td>1</td>
</tr>
<tr>
<td>Motor sports</td>
<td>1423.0</td>
<td>8.1</td>
<td>4</td>
<td>353.4</td>
<td>10.2</td>
<td>3</td>
</tr>
<tr>
<td>Soccer</td>
<td>938.8</td>
<td>5.4</td>
<td>5</td>
<td>144.7</td>
<td>4.2</td>
<td>5</td>
</tr>
</tbody>
</table>

Data source: ABS, 2010b: catalogue 4174.0

Regional differences in attendance also need to be considered when investigating sports attendance figures. Table 1 shows attendance rates for the five most popular sports in Australia in general, and in the state of Queensland in particular, as an example regional area. The data was collected during the 2009-2010 year, and shows that the Australian Football League (AFL) was the most popular sport in Australia by attendance, with approximately 16.2% of the population attending at least one game during the year (ABS, 2010b: 4174.0). The number one sport in Queensland, in contrast, was Rugby League, where approximately 17.2% of the Queensland population attend at least one game during the year. The AFL competition in Queensland achieves an attendance rate of only 6.1% of the adult population.

Audience Reach – Television Ratings

Television ratings rather than attendance figures show the dominance of sport. A variety of bodies provide aggregated OZTAM data, which measures free-to-air and subscription television viewing across Australian markets. Screen Australia, the Australian Federal Government funding body for Australian screen productions, provides a list of the top twenty rating programs in Australia each year from 2001 (ScreenAustralia, n.d.). Prior to 2005, approximately 25% of top-rating programs were sport programs, but after 2005 this number jumped to 50%. The reality-television genre, with such programs as MasterChef, Big Brother, and Survivor, was also high-ranking. In contrast, performing arts do not achieve high television ratings. The Screen Australia data indicates an interest in comedy, and made-for-television drama productions, but no interest in any other category of the performing arts. This strongly suggests the use of sponsorship or product placement in both reality television programs and sport programs.
Television audience behaviour can also be seen in the spill-over of ratings for the AFL Grand Final and Australian Open Tennis. The networks hosting these programs create ‘event days’ with pre-match, post-match and trophy presentation programs. These additional offerings often achieve top twenty ratings, probably for a variety of reasons such as turning the television on early or leaving it on post-match, or possibly even a genuine interest in commentary programs and trophy ceremonies.

Many of the potential explanations for high ratings of sports programs reflect the underlying popularity of the sport. Some suggest clever business strategy and marketing. Others hint at the confluence of marketing and emotional appeal. Overall, television ratings provide a greater justification for sponsor interest in sports, relative to attendance figures.

**Emotional Appeal**

Attendance figures from the ABS (ABS, 2010a: 4172.0; ABS, 2010b: 4174.0) show the mass appeal of sport and performing arts, as well as the dedication of more involved event consumers. This appeal can be seen in Figure 1 (performing arts) and Figure 2 (sport). (Note that the data sets are represented using different frequency scales because aggregation of the performing arts attendance data obscures the high frequency bump, and the sport data was only available with three categories.) Both figures show that large proportions of the Australia population attend a performing arts or sport event ‘once a year.’ Both areas also show a drop in the level of attendance in the ‘three to five’ attendances range and an increase in the ‘six or more’ category. This data reflects the impact of ‘season’ tickets, which encourage behavioural loyalty. It also suggests the weakness of ‘novelty’ productions as a mechanism for commitment, as the categories of sports and performing arts that achieve the highest rates of ‘once a year’ attendance also appear the least likely to experience the ‘six or more’ resurgence. The events that experience the ‘six or more’ bump also appear to have flatter attendance curves (see AFL, Soccer, Rugby League, and Popular Music), which suggest a more robust demand overall.

The data also clearly shows that the proportions of sports and performing arts attendees who might be called ‘behaviourally loyal’ are very different. For the performing arts, the ‘six or more’ attendances group represents 8.2% of attendances on average. There are large differences within the performing arts sector; only 3.8% of performing arts audiences patronise the ‘musical and opera’ category ‘six or more’ times each year, whereas this number is 13.7% for ‘popular music’ and 12.1% for ‘classical music’ audiences. There are also notable differences among sports in their ability to attract ‘six or more’ attendance audiences. On average, 22.2% of sports attendees attend ‘six or more’ times each year. Horse racing has the lowest rate of high frequency attendees among the sports at 7.9%. Soccer achieves the highest rate of high frequency attendees (32.7%), followed by AFL (31.2%), and Rugby League (27.2%). This data provides a strong incentive to focus on sport for potential sponsors aiming to capitalise upon emotional appeal.
The rewards of sports sponsorship are relatively clear and can be measured. Audience reach, measured via attendance and television ratings metrics, can be anticipated and influenced through a variety of marketing tactics. The positive emotion that sport consumers feel is well known, and various marketing strategies can suggest ways of capitalising on that. However, the risks in sports sponsorship are less easy to anticipate, the impact harder to measure, and they are often far outside of the sponsors’ control. This section discusses controllable (or theoretically predictable) risks in sports sponsorship, such as the off-field behaviours of
sportspeople, and also discusses the less controllable risks such as news media reporting and BIRGing and CORFing.

**BIRGing and CORFing**

*Basking in reflected glory* (BIRGing) (Cialdini, Borden, Thorne, Walker, Freeman & Sloan, 1976; Cialdini & de Nicholas, 1989; Cialdini & Richardson, 1980) refers to the tendency of individuals to take pleasure in, and emphasise their association with, the successes of others, even in situations where they cannot claim to have contributed to the success (Cialdini et al, 1976; Hirt, Zillman, Erickson & Kennedy, 1992). *Cutting off reflected failure* (CORFing) (Snyder, Lassegard & Ford, 1986) represents the alternative argument, that individuals avoid association with an unsuccessful *other* for fear that it will reflect badly on them by threatening their self-concept (Sherman et al, 2007).

The concept of identification contributes significantly to theorising and research on BIRGing and CORFing. Wann and Branscombe suggest that: “higher fan identification resulted in increased tendencies to BIRG and decreased tendencies to CORF” (1990, p.103). Consequently, high identification leads the individual to maintain their support of their team even in the case of failure. Lower levels of identification, in contrast, are associated with higher levels of CORFing, or the psychological “distancing” of individuals from failure (Sherman, Kinas, Major, Kim & Prenovost, 2007, p.1109). Wann and Branscombe (1990) found that individuals with lower levels of identification were more likely to CORF, but were less likely to BIRG to the same level as highly identified individuals. Overall, research relating to less identified individuals has produced mixed results. Hirt, Zillman, Erickson and Kennedy (1992) reported no significant results for lowly identified individuals, while Spears, Doosje & Ellemers (1997) report that high identifiers don't CORF and low identifiers do CORF, with no mention of BIRGing.

BIRGing and CORFing are often explained with reference to Heider's (1958) balance theory (Cialdini et al, 1976; Hirt, Zillman, Erickson & Kennedy, 1992; Madrigal, 1995; Miller, 2009). This theory suggests that cognitive consistency governs judgments of objects and the relationships between objects or people (Crandall, Silvia, N'Gbala, Tsang, & Dawson, 2007). Cialdini et al suggested “if observers perceive a positive unit relationship (e.g. university affiliation) between a student and a successful football team and if observers generally evaluate successful teams positively, then in order to keep their cognitive systems in balance, the observers would have to evaluate the student positively as well” (1976, p.369). The same application is appropriate for perceptions of CORFing. When the object/team is negatively valenced, and the relationship between the student and the team is also negative, an observer will regard both team and student negatively. If the relationship between the (negative) team and student is positive, the observer faces an unbalanced system, resulting in cognitive confusion.

BIRGing and CORFing research has most commonly been applied to sporting wins and losses (Bernache-Assolant, Lacassagne & Braddock, 2007; Boen, Vanbeselaere & Feys, 2002; Campbell, Aiken & Kent, 2004; Hirt, Zillman, Erickson & Kennedy, 1992), and more recently, winning and losing of political elections (Miller, 2009; Wann, Hamlet, Wilson & Hodges, 1995). The focus on winning is a result of expedience and history. Cialdini et al (1976) provide examples of BIRGing: “Italians speak proudly of the ethnic background of Marconi, and Jews refer to Einstein's heritage” (p.366) and: “At a women's movement forum
attended by one of the authors, there was a round of feminine applause when it was announced that Madame Curie was a woman and Lee Harvey Oswald was not” (p.366).

It is possible that these concepts may explain how consumers could react to news of positive and negative off-field behaviours of sporting personalities. It is possible that the basis of BIRGing may be either the associations that an individual may feel toward symbols or representatives of success, or the lack of association with a negative symbol. Similarly, CORFing suggests that people who feel associated or ‘identified’ with the source of negative off-field behaviour will seek to distance themselves from that source.

News Media Reporting

The news media plays an important role in any consideration of ‘scandal’ relating to the off-field behaviour of sportspeople. How news is made is an area of some dispute. Some authors regard news as determined by market forces relating to the generation of consumer interest (Franklin, 2008). Other authors regard the making of news as deeply ideological and driven by a public trust, belief in democracy, and the rights of citizens to information (Dueze, 2005; Glasser, 2009). These perspectives are not easily reconciled.

Agenda-setting theory is a well-developed perspective on how the media works, with a basic premise that “the media can affect what issues the public think about and how they think about those issues” (Fortunato, 2008, p.118). This claim originates in a much-cited statement from Cohen (1963) that suggests that the media not only tells news consumers which issues to think about, but how they should be thinking about them. Cohen's work has since been superseded by more complex analyses of media influence, leading to a theory with two levels.

First-level (classical) agenda-setting argues that media coverage of an issue suggests the importance of that issue to the public (Kiousis & Wu, 2008; McCombs & Shaw, 1972; Wanta, Golan & Lee, 2004). Effectively the selection of an issue for production as a news story implies the importance of that issue, and varying levels of coverage suggested the relative importance of different stories (Wanta, Golan & Lee, 2004). This approach leads authors such as Wilson, Stavros and Westberg (2008) to propose that even the negative behaviours of sportspeople may have positive sponsorship effects (that is, any publicity is good publicity).

Second-level agenda-setting argues that it is insufficient to suppose that the reporting of the story itself has an influence on public perceptions of importance, and that it is also necessary to think about the substantive attributes of the object (Kiousis & Wu, 2008; McCombs, Llamas, Escobar-Lopez & Rey, 1997; Wanta, Golan & Lee, 2004). “Substantive elements refer to those characteristics of communication messages that help us to cognitively structure and discern among various topics” (Kiousis & Wu, 2008, p.62). These substantive elements have sometimes been equated with frames, leading to the inclusion of frame theory in agenda-setting theory (Fortunato, 2008; Kiousis & Wu, 2008; Weaver, 2007).

To frame is to “select some aspects of a perceived reality and make them more salient in a communication text, in such a way as to promote a particular problem definition, causal interpretation, moral evaluation, and/or treatment recommendation” (Entman, 1993, p.52). Frames have alternatively been represented as “cognitive structures consisting of systems of
classification and rules of interpretation” (Paterson, 2007, p.1087-1088), or “the central organising idea for news content that supplies a context and suggests what the issue is through the use of selection, emphasis, exclusion, and elaboration” (Tankard, Hendrickson, Silberman, Bliss & Ghanem, 1991, p.3). Examples of frames include the ‘Cold War frame’ (Weaver, 2007, p.142); ‘conflict’ and ‘US involvement’ frames in foreign relations (Kiousis & Wu, 2008); or ‘social policy,’ ‘sport/celebrity stories,’ ‘community care tragedy,’ and others relating to depictions of mental illness (Paterson, 2007).

A consideration of the substantive elements of a story together with the framing of the object of the story, contribute to second-level agenda setting. The other element that contributes to this level is the emotional element, “the valence dimension of attribute salience” (Kiousis & Wu, 2008, p.62). Emotional attributes in second-level agenda-setting are measured according to the positive, neutral or negative tone or comments used in news stories (Kiousis & Wu, 2008; Wanta, Golan & Lee, 2004). The impact of emotional valence is often measured using frequencies scored from content analyses of news-media stories, correlated with object-affect scores in survey research (Kiousis & Wu, 2008; Wanta, Golan & Lee, 2004). The results of these correlations indicate that the more positive information about an object news consumers receive, in terms of quantity, the more likely those individuals will be to have a positive view of the news object (Wanta, Golan & Lee, 2004).

According to Wanta, Golan and Lee, “first-level agenda setting suggests media coverage influences what we think about, second-level agenda setting suggests media coverage influences how we think” (2004, p.367). According to the framing and agenda-setting theories, reporting of sporting ‘scandals’ is likely to influence public opinion following the principles of selectivity in reporting, framing and valence of information. “The agenda-setting metaphor could be applied not only to public issues, but also to political candidates, products, corporate images and other ‘objects’ in the news” (Kiousis and Wu, 2008, p.58).

Off-field Behaviour

All of the risks identified above have the potential to influence the achievement of sponsors’ objectives. However, while sponsors are not capable of controlling the consumer’s psychological responses of BIRGing and CORFing, and are often not capable of controlling the information the news media chooses to disseminate, they do have the ability to exercise some control over off-field risks associated with their sports properties. It is the recognition of this risk, as well as the ability to exert some influence, that makes off-field risks an important subject in morals clauses in sponsorship contracts.

Previous sponsorship research had not examined off-field risks posed to sponsors, but this situation is beginning to change. Interest in non-sport influences on the sponsor’s brand has been approached from a managerial perspective (Hughes & Shank, 2005, 2008; Kahuni, Rowley & Binsardi, 2009; Wilson, Stavros & Westberg, 2008), in relation to celebrity brand DNA (Johnson Morgan, Summers & Sassenberg, 2008; Sassenberg & Johnson Morgan, 2010), in considering the influence of team identification on consumer perception (Fink, Parker, Brett & Higgins, 2009; Parker, 2007), and from a public relations perspective (Brazeal, 2008; Dimitrov, 2008; Fortunato, 2008). Many of the papers that discuss off-field behaviours are conceptual, here we shall only discuss those that report research.
Hughes and Shank (2005, 2008) provide the earliest insights into sponsorship ‘scandals’ by interviewing ten sponsors and media representatives. Their respondents expressed concerns about criminality of behaviours, sports integrity, impact on the play of the game, and the level of sport at which the ‘scandal’ occurred (professional versus amateur) (Hughes & Shank, 2005). Hughes and Shank (2008) found that scandals in collegiate athletics had a variety of influences on charitable donations, and alumni gifts to sports programs. Data related to fifteen USA universities showed that charitable support was often unaffected by scandals, particularly when those scandals related to staff, rather than student athletes. Similarly, gifts or bequests from alumni were quick to recover from scandals, or suffered no downturn. Enrollments and applications to study at the universities also did not appear to suffer. These results suggest the importance of understanding motivations to enrol/study at various universities, the motivations to donate or bequeath money to universities, and the attributions that people make about the responsibility for various sports-related scandals.

Kahuni, Rowley and Binsardi (2009) conducted a content analysis of news coverage relating to allegations of spying in Formula 1 by the Vodafone McLaren-Mercedes F1 team. They found that coverage typically referred to the spy allegations using the ‘Vodafone McLaren-Mercedes’ name (Kahuni, Rowley & Binsardi, 2009). They concluded that while title sponsorship presents a credible risk to sponsor’s brands in cases of negative events, Vodafone’s lack of public outrage could be interpreted as team support, and their strategy interpreted as ‘business as usual’ (Kahuni, Rowley & Binsardi, 2009, p.60). Wilson, Stavros and Westberg (2008) also present support for the ‘business as usual’ strategy. Following interviews with Australian sport marketing executives, they concluded that sponsors, most of all, want teams to provide full and fast disclosure of on- and off-field transgressions. Policies and programs to manage player behaviour and compliance are regarded as increasingly important, and media coverage of transgressions is regarded as a powerful influence on public and target market opinion.

Sponsorship research on consumer perceptions of off-field behaviours of sportspeople is currently very limited. Parker (2007) and Fink et al (2009) provide the only insight into consumer responses to off-field behaviours thus far. Parker’s PhD thesis (2007) investigated the effect of sponsor misbehaviour (rather than player misbehaviour) on identified (categorised as high or low) sport consumers’ team identification scores and attitude toward the sponsor. This research found, consistent with balance theory and identification, that subjects with high team-identification scores had higher attitudes toward the sponsor than less identified subjects (Parker, 2007). This research also found that “negative sponsor information did not significantly alter participant post-test team identification scores” (Parker, 2007, p.71), but did influence attitude toward the sponsor.

Research conducted by Fink et al (2009) specifically studied the negative off-field behaviours of athletes as they influenced identification with the athlete’s team. The 2 (Identification: high/low) x 2 (Leadership response: weak/strong) design aimed to evaluate the effect of management response on team identification (Fink et al, 2009). Results of this research showed that levels of identification for low team-identification subjects do not change significantly from pre- to post-test given a negative information stimulus; high identification subjects, however, produced mixed responses (Fink et al, 2009). These mixed results indicated that with a strong ‘leadership response’, or information that team managers act quickly, condemn poor behaviour, and act openly, team-identification scores were stable (Fink et al, 2009). However, a weak ‘leadership response’, including slow response, denial of
responsibility, and opaque discipline policies, contributed to a significant fall in team-identification scores (Fink et al, 2009). These results confirm public relations theoretical approaches to crisis management that advocate speed, transparency and public apology (Brinson & Benoit, 1999; Fortunato, 2008). The authors, however, do not address any effects on sponsor’s brands.

In its entirety, the growing field of research on the off-field behaviours of sportspeople suggests the need for theoretical work in this area. Research that evaluates impressions of team executives, sponsorship managers and media representatives suggests that sponsors will grow increasingly wary of sports sponsorship when teams lack appropriate policies to manage player behaviour (Hughes & Shank, 2005; Wilson, Stavros & Westberg, 2008). This remains an important area for research, especially given the small sample sizes used to date. Consumer research, however, has been an even smaller area for research, and this should change. Understanding of consumer responses to the off-field behaviours of sportspeople is currently limited to one example (Fink et al, 2009) that does not consider the implications for sponsors. There is clearly the potential for considerably more research in this important area.

References


[54] Sassenberg, A.-M., and M. Johnson Morgan (2010), “Scandals, sports and sponsors: What impact do sport celebrity transgressions have on consumer’s perceptions of the celebrity’s brand image and the brand image of their sponsors?” Presented at 8th Annual Sport Marketing Association Conference, 26-29 October 2010, New Orleans, USA.


***