

Sports Sponsorship as a Differentiator in Times of Intense Competition

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Abstract

In these times of intense competition in the business world, business firms are looking for new ways to grow and compete in the market. As part of the strategic growth initiatives firms look for establishing strong brands. Good old advertising is giving way to integrated marketing communications. Business firms are going beyond the conventional media. Sponsorship, and particularly sports sponsorship, is emerging as a new tool in the hands of many business firms, which they are increasingly using to differentiate themselves and their brands in the market. There are various reasons due to which companies employ sports sponsorship. Creating greater reputation, creating brand awareness, stimulating sales, receiving exposure and publicity, and more effective message delivery are some of the many reasons. While further exploring the literature, the authors found that some references use of sports sponsorship as a “differentiator” for brands. The main objective of the present research, thus, became to further delve on this aspect only. Firstly, an attempt has been made to find the kind of academic research available about use of sports sponsorship as a differentiator for brands, and secondly, to find what the business firms are doing in practice. On the basis of that, current trends related to both aspects have been identified and direction of further research has been suggested.

Keywords: sports sponsorship, differentiator, intense competition

Introduction

Intense competition in the business world is making business firms to look for new ways to grow and compete in the market. As part of the strategic growth initiatives firms look for establishing strong brands and in pursuit of this goal, business leaders keep finding new ways to keep ahead of others. Good old advertising is slowly being replaced with integrated marketing communications. Business firms are going beyond the conventional media and the ambit of promotional mix is being widened by the day. Sponsorship, and particularly sports sponsorship, is emerging as a new tool in the hands of many business firms, which they are increasingly using to differentiate themselves and their brands in the market. In various parts of the world, sports sponsorship is already a well-established practice. As per Matlala (2011), sports sponsorship continues to grow ahead of all other forms of marketing communication in stature and spend.

Research Objectives

If we look at the reasons for use of sports sponsorship as part of marketing communication mix, we will find various reasons. McCook, Turco and Riley (1997) mentioned that increasing market competition and the rising costs of traditional advertising media resulted in

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boost for sports sponsorship. Dolphin (2003) lists three benefits which the sponsoring organizations can receive. These are: creating greater reputation, creating brand awareness, and stimulating sales. Jiffer & Roos (1999) categorised the sponsoring motives into four different areas -- Associations, Exposure, Relationships and Integrated communication. Grönkvist (2000) states that association and image transferring is one of the main motives behind sponsoring. Meenhagan (1991) mentions that receiving exposure and publicity is the most basic motive behind sponsoring. Roos & Algotsson (1996) feel that while TV commercials are highly avoided by the viewers if possible, sponsoring is something that reaches out to the viewers; it cannot be turned away as there are no channels to change. Hence the message will be delivered in a more effective way. Cornwell and Maignan (1998), note that sponsorship is helpful in building an association from the sports property to the brand.

From the above discussion, it can be seen that sports sponsorship literature identifies various reasons for use of sports sponsorship as part of marketing communication mix. While further exploring the literature, the present authors found that some references have also been made to use of sports sponsorship as a “differentiator” for brands. In a recent study by Matlala (2011), an attempt has been made to ‘evaluate how an organisation manages sponsorship to effectively enhance brand image, a long-term differentiator for brands. The main objective of the present research, thus, became to further delve on this aspect only. Firstly, an attempt has been made to see that what kind of academic research has been done about use of sports sponsorship as a differentiator for brands, and secondly, what the business firms are reportedly doing in practice.

Sports sponsorship as a differentiator for brands

It is no longer enough to have better products and services alone to fulfil the hearts and minds of customers. Competitors can easily match or even provide better products and services. However, it is difficult to copy a unique experience that reflects everything authentic about what a brand stands for. Therefore, the customer experience needs to be a reflection of everything that makes up a brand. It is here that sports sponsorship is being seen as platform to convey the attitudes and values of a brand and become a key differentiator.

A report by Interbrand, Australia (n.d.) cites the example of Samsung, an Olympic sponsor, who has evolved its sponsorship strategy. Samsung leveraged its Olympic sponsorship by integrating games, promotions, and strategies to reflect the core values of the brand’s products and the corporation itself. By planning and integrating initiatives such as on-site activity, advertising, in store and on-line sales promotion, public relations, customer hospitality, money-can’t-buy-experiences, employee motivation and product sampling, Samsung effectively leveraged sponsorship with corporate objectives.

Timothy and Santomier (2011) in their study on GE suggest that the primary objective of GE's The Olympic Partner (TOP) sponsorship was to enter the Chinese market and build brand equity across Asia. Using GE's proprietary WorkOut™ and Change Acceleration models, transformational leaders facilitated the development and implementation of a new integrated organizational structure that enabled GE to maximize branding opportunities in Asia, product/service pull-through marketing opportunities, and return on objectives.

As an aftermath of the well-known financial meltdown in the United States of America, many banks and financial services firms were battered by loan losses, a build up of foreclosed properties and fall in stock prices. However, their sports sponsorships continued to be an important part of their business. Their deals with sports teams and events served as a vehicle to further display their commitment to the community in tough economic times. While, some of them scrutinised their sponsor deals a bit more, in fact, some firms actually increased their financial commitment to sports during those challenging times (Sharrow, 2008). Provident Bankshares Corp., PNC Financial Services, Eagle Bancorp Inc., and M&T Bank Corp. reportedly became cognizant but persisted with their sports sponsorship efforts. Sharrow (2008), writes that Peter Eliopoulos, M&T's chief marketing officer said, "We use sports sponsorships as a differentiator. It's the difficult times like these where we already have the sponsorships and are using it as a platform and a generator."

John Hancock became a sponsor of Major League Baseball (MLB) in 1999 (baseball.jhancock.com). The partnership gives John Hancock the ability to broaden local and national marketing initiatives through a series of Major League Baseball themed events. "We believe in the marketing power of Major League Baseball," says Corporate Communications Senior Vice President Steve Burgay. "There's been a resurgence of interest, attendance and participation in Major League Baseball. As a result, its value to John Hancock as a marketing and co-branding tool is enormous. As we've continued to expand our product and distribution lines in the financial services business, Major League Baseball has become a partner, a differentiator, and a way for us to sell. This sponsorship is ideal for John Hancock from both a business and a marketing perspective," adds Mr. Burgay.

USA based State Farm Insurance has also used sports sponsorship very effectively. As per Sports Business Journal (2008), State Farm has declared manifest destiny on the entire American sports landscape, and the company is dragging many of its competitors along. While historically, many insurance carriers eschewed sports sponsorship buys in favour of straight media, over the past few years State Farm has set new standards. With all the venue signage State Farm has accrued, it is getting difficult to flip the remote on any night without seeing the company's brand across the landscape of sports venues. In a competitive category, State Farm used sports as a differentiator. The company has been using high-profile sponsorships to defend its leadership position (maximum market share) and re-establish a leading "share of voice" in what has become a very noisy category from a marketing perspective.

As per Flack (2012) – Jon Flack, President and COO of JMI (Just Marketing International) -- it would be naive to think the recession is not a concern for NASCAR, a sport so reliant on brand support. But its continued relevance in the marketplace with consumers provides brands with a way to differentiate themselves from their competitors.

Cunningham (2012) writes that some doubters often say that sponsorship only suits some industries. Not true. It is interesting to note the top 10 sponsoring industries from last year. Why is sponsorship important for a car manufacturer or a bank or a utility business? Because it is a mass-market differentiator. To illustrate how sponsorship can transform the fortunes of a company, the author takes an imaginary scenario. A new business is started after proper research, it is well-funded and the product is good. This company goes for the off-beat approach to its marketing communications. Rather than conventional five per cent of marketing spending going on sponsorship, this company makes sponsorship as the core of its

marketing effort. If it spends nearly half or even more of the total marketing budget on sponsorship, the company can not only buy sponsorship opportunities but it can also create events and properties that it will own. These properties and events are entirely moulded around the brand and its values, and they become assets and revenue sources in their own right. Within 25 years, this company can become the world market leader.

As per a Spanish study (Mancebo and Nueno, 2009), the economic boom helped prompt previously reluctant brands to experiment in this area in a defensive attempt to find differentiators that would help them stay ahead of the competition. Many brands, in an attempt to avoid saturation in conventional media, embraced sponsorship as a way to differentiate themselves and tap into the positive values associated with sport while avoiding saturation-related rejection.

In a recent study in South Africa by Matlala (2011), an attempt has been made to evaluate how an organisation manages sponsorship to effectively enhance brand image, a long-term differentiator for brands.

In India also, sports is being hailed as the latest differentiator in the advertising business. Media buying houses are busy opening separate divisions for sports marketing to grab a front-row seat (Basu, 2007).

In an interview for SportzPower (2010), Micromax Mobile's marketing head Pratik Seal shared the brand's perspective about cricket and sports. The only way to stand out in a clutter is being different. Not, different for the sake of being different, but to be truly different in terms of consumer insights, communication tonality, relevance, tactical usage of celebrities for communication cut-through & recall, smart positioning, and last, but not the least, a great product promise.

Raghavendra & Sharma (2012) feel that the game of golf has been gaining ground thanks to real estate developers, who use the game as a critical differentiator for promoting housing projects. This trend began with a few builders launching projects with in-built golfing infrastructure, and they are giving it a new edge by launching golf tournaments. Firms like DLF, The 3C Company, Shubhkamna-Advert, Ansal API, Puravankara, Oxford Group and Navratna Developers now own eight out of 10 city teams, which will play a national golf league on the lines of the IPL, called the Louis Philippe Cup. Each of the 10 sponsors of the teams in the Louis Philippe Cup has paid between Rs 30 lakh and Rs 50 lakh to own the teams.

Companies like Hero Motocorp, Karbonn Mobiles, Bharti Airtel, Sahara, Castrol India, Ceat, CocaCola India, DLF, ICICI Bank, ITC Limited, ING Vysya, Jaypee Group, JK Cement, Kingfisher, Mahindra Group, MRF, TVS and many more are also apparently using sports sponsorship to create a distinct image in the minds of the consumers for their products and services.

Analysis & Discussion

Thus, we find that companies are moving ahead and using sports sponsorship from the point of view of it being a differentiator for their brands. Apart from the usual objectives/reasons

for sponsorship already identified in literature, the use of sports sponsorship as a brand differentiator is a relatively recent practice.

The above section indicates that only limited academic research has been done on this aspect. It points towards the need for more academic research in this field to further explore the possibilities of using sports sponsorship as a brand differentiator.

However, we find that sponsors are already talking in terms of sports sponsorship being a differentiator, as is evident from examples of M&T Bank Corp., John Hancock, and Micromax Mobile. More evidence is available from practitioners about the use of sports sponsorship as a differentiator.

Conclusion

From above, we can conclude that many sponsors are using sports sponsorship as a differentiator for their brands. This emerging trend is all the more relevant in these times of intense competition. As of now, only limited academic research is available on this aspect. Therefore, there is ample scope for academic research to further investigate that how best the firms can use sports sponsorship as a differentiator for their brands. Studies can be carried out to identify the experiences of the companies who are already using sports sponsorship with specific aim to differentiate their brands from competitors. Surprisingly, some Indian companies are also looking at sports sponsorship as a brand differentiator. However, practically no academic research is available in the country in this area. This research gap needs to be addressed.

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