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John B. Ford
Old Dominion University, jbford@odu.edu

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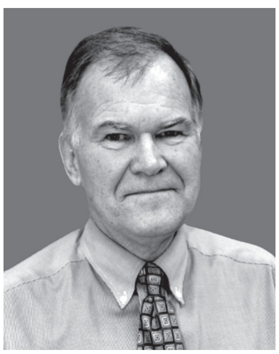
Editor's Desk

What Do We Know About Sports Sponsorships?

JOHN B. FORD
Editor-in-Chief,
Journal of Advertising Research
Eminent Scholar and Professor of Marketing and International Business,
Strome College of Business, Old Dominion University
jbford@odu.edu



There is little doubt that a tie-in between a brand and a special event can be quite lucrative. Although past research often has shown that advertising typicality (how well an advertisement is seen to be representative of a particular product category) creates positive advertising effects, there are no known studies that have examined the level of typicality with respect to sporting events in particular.

This issue of the *Journal of Advertising Research* seeks to address that failing: In **"Advertisement Typicality: A Longitudinal Experiment—Can Sponsors Transfer the Image of a Sporting Event to Their Brand?"** (please see page 268), Marc Mazodier (Zayed University and Kedge Business School), Armando Maria Corsi (Ehrenberg-Bass Institute for Marketing Science, University of South Australia), and Pascale G. Quester (University of Adelaide) test two levels of typicality (high versus low) of sponsors' advertisements to assess whether sponsorship could transfer associations for the sponsor's brand with the actual sporting event itself.

The authors ran two pretests and one main experiment involving more than 2,200 respondents. The type of experiment—discrete-choice experiment—was used to demonstrate its reliability as a method for assessing the typicality of various combinations of event-related elements. According to the researchers, "the results specifically show that event associations were transferred only when the event-related advertising messages, which communicated the association between the event and the brand either explicitly or implicitly, were highly typical of the event."

They also concluded that "because restricted event elements, such as its logo or tagline, intrinsically improve the perceived typicality of an advertisement, official sponsors may indeed enjoy an edge."

Their advice to brand managers? "Enhance image transfer [and] increase the typicality of their advertisements by including representative elements of the event, such as an athlete competing or a symbol of the city hosting the event."

The authors also offer that "for brand managers of nonsponsors, therefore, the results point to a direct opportunity to ambush sponsors, by adopting advertisements that are as typical of event sponsors as possible, which will lead to the transfer of the event image to their brand instead."

Given the chance of ambushing for nonsponsors, it is no wonder that organizers have found that protection is needed for official event sponsors against the efforts of nonsponsors looking to tie in with events through the practice of ambush marketing. For **"Ambush Marketing Is Dead, Long Live Ambush Marketing: A Redefinition and Typology of an Increasingly Prevalent Phenomenon"** (please see page 282), Nicholas Burton (Brock University) and Simon Chadwick (Salford University Manchester) compiled a database of 850 ambushing cases, developed a framework from these cases, and then conducted personal interviews with key informants to produce meaningful strategic insights.

The authors identified three types of ambush marketing:

- *incursive ambushing* ("the aggressive, predatory, or invasive activities of a brand that has no official or legal right of association with an event, deliberately intending to threaten, undermine, or distract from an event or another brand's official event sponsorship");
- *obtrusive ambushing* ("the prominent or undesirably visible marketing activities of a brand that has no official or legal right of association with an event, which may either deliberately or accidentally undermine or distract from an official event sponsorship by another brand");
- *associative ambushing* ("the attempt by a brand that has no official or legal right of association with an

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event to imply or create an allusion that it has a connection with an event").

The paper offers a series of practical suggestions about each form of ambushing for event owners, official sponsors, and ambushers. The authors leave a warning that "so embedded in the event-marketing landscape has ambushing become, that a growth in legislative means as a way of protecting against it has become a fundamental component of many countries' and events' sponsorship-protection measures."

Indeed: "Ambush marketing has evolved into a mainstream marketing-communications activity practiced by many of the world's largest brands. Rather than the somewhat aggressive and targeted nature of the ambushes perpetrated in ambushing's early years, however," the authors continue, "there now is a growing sophistication in ambushing as organizations and brands learn what it is, what it can achieve, and how it should be organized.

Our third offering of the sponsorship package—**"How Does Wall Street React to Global Sports Sponsorship Announcements? An Analysis of the Effect on Sponsoring Companies' Stock Market Prices"** (please see page 297) by Carmen Abril and Joaquin Sanchez (Universidad Complutense de Madrid) and Teresa Recio (IE Business School)—examines "the value-creation effect of the announcements of 98 official sports sponsorships over a time span of 10 years, trading in 19 international security exchange markets."

These sponsoring companies are "headquartered in 15 different countries and represent 50 percent of the official sponsors of four major global tournaments: the Summer Olympic Games, the America's Cup, the UEFA European Soccer Championship, and the FIFA World Soccer Championship." The authors found that there was "an overall positive effect on the stock market value of the sponsoring company following the announcement of global official sports sponsorships."

They suggest that the results highlight "the advantages of official sponsors, showing that their limited number, the exclusivity rights granted for a specific product category, and the broad opportunities for sponsorship-linked marketing activities may enhance the distinctiveness of the sponsorship and its perceived value beyond the higher sponsorship fees."

The authors propose that the "global aspect of these sponsorships, additionally, suggests international reach as an advantage valued by investors." Moreover, they found that there was "a decreasing trend in the stock-market appreciation of global sponsorship announcements, suggesting the danger of the current increase in sponsorship fees."

The results, in fact, demonstrated that "not all sponsorships were valued equally by the stock market," suggesting that "at current pricing levels, the sponsorship announcement of the America's Cup not only does not create value but also destroys value for the company." This may be due to "the limited reach of audiences… despite their expensive fees."

So, what does the research mean for sponsors? "The results show that investors reacted more positively to sports sponsorships that showed national and functional congruence between the sponsoring company and the sponsored property." Financial markets then can "expect a more direct translation of the sponsorship into sales and higher future profitability" when one of those two variables (national and functional congruence) is present.

The results also demonstrate that "the positive effect of national fit, in particular, supports the idea that sponsoring companies operating in their home countries should yield higher expected returns by taking advantage of additional ways of exploiting the sponsorship with the company's local stakeholders."

Of particular note, "the fact that investors are becoming less enthusiastic about the expected value of sponsorships suggests that sports tournaments seeking sponsors may need to revise their pricing terms, which are beginning to be questioned by the market." Sponsors, therefore, might consider explaining more clearly the "advantages of their engagement in a sponsorship deal *a priori*, not only as a postmortem analysis."

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As the *Journal of Advertising Research* continues to grow and evolve, as always, I welcome your feedback.