

Module 2. Sponsorship the cons – The financial pitfalls of sponsorship deals

Unit 2.2

In this second module, we will continue our exploration of the first business focused monetization strategy within sport, sport sponsorship, while focusing on the other side of the coin, its obstacles, risks and liabilities. This module will delve further in sport sponsorship and the risks it entails for both the sponsor and the sponsee, while highlighting the liabilities and obstacles to a successful sponsorship agreement, and thus underlining its negative financial and wider implications for both entities involved. This module will begin by introducing the different sponsorship levels, before analysing the congestion of sponsors and the need for an effective demonstration of return on investment for a sponsorship agreement. Further on, we will examine the issue of appropriateness or fit between a sponsor and a sponsee, while elaborating upon the vital aspect of brand authenticity within sport. Moreover, we will examine ambush marketing in detail, while highlighting its enduring threat to the success of sport sponsorship. Finally, the risks emerging by the uncertainty of sport will be discussed, before the issue of reaching a sponsorship agreement's targets is presented.

2.2.1 Sponsorship levels

As with most commercial agreements, it is worth noting that often there is not a one size fits all solution. In sports sponsorship, a number of different deals are being signed every day, often designed in a way that changes our preconceived assumptions of what benefits can be offered to both parties (Manoli, Anagnostou & Liu, 2022). A prevalent feature of the numerous deals being signed nowadays is the differentiation being made in the agreements regarding the names and levels of the sponsors, as well as their corresponding benefits.

When we look at events, leagues or competitions, for example, we can see that quite often there exists a title sponsor. This is a lead sponsor of an event, league or competition, whose corporate name and logo is often featured in all communication concerning the particular entity. This is exemplified by England's national cup competition in football, which following the sponsorship deal the English Football Association signed with the airline Emirates in 2015 has been since called 'The Emirates FA Cup'. It is suggested that top-line sponsors like title sponsors receive the most benefits from the sponsee (Manoli, Anagnostou & Liu, 2022).

In North American sports, the title sponsor is often followed by the presenting sponsor. This is the second-biggest sponsor and has been at times characterized as a 'cheaper' title



sponsor. A presenting sponsor is often referred to alongside the name and logo of the entity that they sponsor, while receiving proportionate benefits compared to the title sponsor. This would in turn suggest that they might receive fewer tickets, less signage, and less media exposure. John Hancock, the long-lasting presenting sponsor of the Boston Marathon for example has been featured in most official communications of the Boston Marathon, while attracting attention through their partnership (Hancock, n.d.).

The following category of sponsors is one of the official sponsors of a sport entity. These types of sponsors tend to receive approximately one third of the benefits of the title sponsors and a proportionate promotion through their sponsorship agreements. For official sponsors, their logo might be included in some advertising materials produced by the sponsored sport entity, but not in all. Official sponsors or official partners is a very popular sponsorship category, often consisting of a number of commercial deals with various companies from different industries. A close examination of the official website of the English Premier League, for example, would allow us to see that in the 2021/2022 season, they had seven official partners, each one from a different industry. The name of the industry in which they operate then informs the title they are given, with Barclays for example being presented as the official bank of the Premier League, Budweiser as the official beer, Castrol as the official engine oil partner, etc. (Premier League, n.d.).

Following the official sponsors, we can see a number of other sponsor categories presented in sport entities worldwide. Examples of such categories include the associate sponsors (often presented somewhere between the presenting sponsors and the official sponsors), corporate sponsors (presented below the official sponsors), other sponsors and official suppliers. The latter category usually includes the sponsors that offer their products or services for free to the sport entity.

An example that encapsulates a selection of these categories and allows to better grasp them together would be the official sponsorship strategy of FIFA, the world confederation of football, in regard to their FIFA World Cup, as it is reported on their website (FIFA, n.d.).

The FIFA World Cup attracts the attention of millions of people around the globe and can significantly increase the benefits that sponsors might get. The way in which the FIFA World Cup 2018 and 2022 strategy was designed and implemented, allows us to see how sports sponsorship can be organized on a wider scale. As FIFA themselves promote on their official communication (FIFA, n.d.), FIFA partners found at the top of their sponsorship pyramid have the highest level of association with FIFA and all events organized by FIFA. This connection is further strengthened by the sponsors' involvement in supporting FIFA in any additional efforts to develop football around the world in different levels. This could range anywhere from grassroots to the top level represented in the FIFA World Cup. The fact that the involvement of the partners can be seen in different levels within football allows FIFA and its partners to develop what FIFA argues is a true partnership. This in turn is believed to add great value to the engagement for both sides (Manoli, Anagnostou & Liu, 2022).



Right below this category as FIFA reports, we see the FIFA World Cup sponsors who through their commercial agreements with FIFA can gain rights to what was originally expected to be the FIFA Confederations Cup and has since been replaced by the FIFA Arab Cup, as well as the FIFA World Cup, on a global basis. Sponsor companies at this level still maintain a strong brand association with the two global tournaments, the FIFA Arab Cup and the FIFA World Cup, while the benefits they receive include selected marketing and media exposure. As it is argued (Manoli, Anagnostou & Liu, 2022), these sponsors still enjoy an association with FIFA, but on a weaker level. This is because, while they are still tightly connected with the mega sport events, their association with FIFA overall and therefore the FIFA brand is believed to be reduced.

Finally, in the lower level of the pyramid according to FIFA (n.d.), we find the regional supporters. These companies have arguably (Manoli, Anagnostou & Liu, 2022) invested less money and effort to demonstrate their connection with the confederation. FIFA expects these companies to promote their association with the FIFA World Cup, but particularly in the domestic markets in which they operate. This can then allow them to build their brand awareness and potentially further develop their brand image through their association with the event, but mostly on the local markets in which their company functions.

While all the above offers a close look into sport sponsorship nowadays, they also present us with one of the biggest risks in the success of sport sponsorship: sponsorship congestion. We indeed see through these sponsorship levels that a very well-planned strategy appears to exist on behalf of the sponsored entities, such as FIFA and its World Cup, which in turn allows and encourages a multitude of sponsors to attempt to associate themselves with the entity. This nonetheless can be rather confusing for the consumers who are being bombarded with different logos and sponsor titles and categories at the same time, which can prove detrimental for the effectiveness of each sponsorship agreement, as we will discuss below.

2.2.2 Sponsors congestion

As the above analysis on sponsorship levels illustrated, by increasing and developing sponsor sponsorship to a very intense level (with multiple sponsors in different levels presented at the same time), it is argued that we might have created the same amount of clutter that sports sponsorship was originally designed to overcome. Therefore, by being driven to a congestion created by a number of sponsors using the same medium (sport entity) to promote their brand, there can be a confusion in the messages that customers and prospective customers receive. And this in turn can lead to a weak memorization rate in their minds (Desbordes & Tribou, 2007).

If consumers cannot distinguish one brand from the other, and thus understand and appreciate that one brand is indeed very closely connected to a sport entity, then the purpose of sport sponsorship overall might be brought into question. An additional



element to examine in terms of this congestion can also occur by the confusion between official sponsors and title sponsors or local sponsors. According to the consumer who might not be aware of the different commercial agreements being signed, all sponsors might appear to be the same (Desbordes & Tribou, 2007). Equally, in the case in which teams participating in particular events have different sponsors from the ones sponsoring the events themselves, confusion can be clearly created in the minds of the audience who might not be able to distinguish which one is which. This in turn can weaken the connection that any of the sponsors of the event and teams have.

Similar confusions can occur when naming rights might clash between, for example, a team, a stadium (particularly in North American sports in which stadia rights might not be linked with team rights) and a league or competition in which the team participates. When examining team sports, we can also see a similar congestion or even a potential clash between the sponsors of individual athletes and the teams for which they play. Interesting examples of this can be seen in European football, where athletes can be sponsored by one apparel company and the team for which they play can be sponsored by another.

Concerning Lionel Messi, one of the most decorated football players in the world, we can see such a clash and potential confusion between sponsors (Cooper, 2021). While Messi started his career being sponsored by the sport apparel and shoes manufacturer Nike, in 2006, their rivals Adidas began their long-term (life-long) sponsorship agreement with him. In these years, however, and until 2021, Messi continued his career in Barcelona FC, the football club that has held a long-lasting deal with Nike. As a result, during this time, Lionel Messi, one of the stars of the club, was being sponsored by Adidas, wearing their shoes while playing, and at the same time wearing the Nike branded official apparel of the club for which he was playing. Similarly, in 2022, we see Lionel Messi promoting the Nike branded apparel of the current football club he is playing for, Paris Saint-Germain, while still having an individual sponsorship deal with Adidas. This example allows us to illustrate that if such a congestion is being created in popular sport entities, then the benefits of sports sponsorship elaborated upon in the previous module of this course can be brought into question.

As it will be discussed later on in this module, research suggests that the clutter created by the multiplication of sponsorships can prove detrimental for each of the sponsorships agreed upon (Jensen & Cornwell, 2017). In other words, it is argued that with each new sponsorship added to a particular sponsored entity, the hazard that sponsorship agreements will be dissolved increases. This in turn highlights that exclusivity in sponsorships is to be valued, while consumer confusion due to sponsors congestion is to be considered when deciding on a sponsorship agreement between two entities.

2.2.3 Sponsors' Return on Investment



An additional risk to the potential success of a sponsorship is sponsors' recall, or the answer to the simple question: does sponsorship work for the sponsor? We are told that exposure to the sponsorship stimuli could in theory create memory traces for the individuals who are exposed to it, however, until today, questions are being raised on whether this recall exists or whether it is only superficial and thus without lasting effects (Lardinois & Derbaix, 2001).

In other words, we are still uncertain whether a memory is created on the people who are exposed to elements of a sponsorship, for example, the logos of the sponsor on the sponsored entity. This means that we cannot yet know for certain if the individuals exposed to these stimuli can actually recall the sponsored brands in either an unaided (i.e. remember them without any additional stimuli offered), or an aided way (i.e. select them from a number of brands that are presented to them). After examining the ability of individuals to recall brands, some studies (Lardinois & Derbaix, 2001) argue that the impact of sponsorship can, in fact, be at times rather superficial, both for on field and for the broadcasted promotion of sponsorship.

Whilst research does not offer a clear indication of whether sponsorship works or not, the lack of a universally accepted measuring scale that would provide sponsors with the reassurance that sponsorship works appears to be a significant aspect. In simple terms, if no proof is offered to sponsors on whether their investment has a return, then sponsors' involvement in sponsoring sport can be jeopardized.

Unfortunately, a good sponsorship strategy and promotion or activation of a sponsorship agreement does not always warrant a sufficient return on investment for the sponsoring company. A number of awareness surveys (Desbordes & Tribou, 2007) have been conducted following mega sport events, for example, suggesting that the audience can sometimes be confused in terms of recalling which companies were the sponsors or suppliers of particular teams, athletes or the events themselves.

Based on the multiplication of partnership agreements that we discussed above, and the various messages that individuals are bombarded with, a confusion can be created in consumers' minds as we discussed earlier on in this module. However, if sponsors cannot be recalled in the minds of the audience of the sport entity they are sponsoring, then being a sponsor might not make financial sense for the sponsoring company. What is missing in this case is a concrete measurement and evaluation of a sponsorship agreement. While many suggestions on how this can be done exist, there is little evidence to suggest that one is more successful than the other.

Over the recent years and triggered by the existence of COVID-19, we are expecting a potential decrease in companies' investment on advertising and sponsorship. It is indeed suggested that the advertisement on leisure and entertainment will decrease by 29% (Nielsen Sports, 2021). As a result, new and innovative models of sponsorship are being proposed, tried, and evaluated throughout the entertainment and sport industry. Some



examples include performance related deals and short-term agreements, which can allow sponsors to evaluate the success they will receive before they progress with a longer and bigger agreement. The effectiveness of these new deals remains until now unproven, and it is fair to say that no single model has emerged that gathers undisputed support within the sport industry.

As time progresses, brands are demanding more clarity on their return on investment (ROI), underlying often that there is a clear need for a robust measurement framework with a sophisticated and undisputed method, which will be able to link a sponsorship agreement with a tangible financial benefit for the sponsoring company. In other words, a need exists for sponsorship investment to be linked with the sales generated, highlighting the tangible financial benefits for the sponsor, both in the short and in the long term.

As the former Head of Global Sponsorship for the Coca-Cola Company argued:

When I look at any sponsorship deal, I always have these two lenses: is it building value for the brand and the business in the long term? Is it driving sales in the short term? Some of them do better in one side than the other, but [sponsorship investments] always have to have both components, and brands that are overlooking one or the other are missing an opportunity. It's not an easy discipline [to ensure short-term and long-term targets are met] because tools [to be able to measure the results] have to be developed, but it's absolutely doable. (Nielsen Sports, 2021, p. 18)

As the quote above highlights, properly measuring the success and impact of a sponsorship agreement is of paramount importance, and one could argue long overdue.

The Nielsen Sports' report (2021) actually estimates a 20% increase to exist in the return on investment when a proper measurement of the sales impact of a sponsorship deal takes place. Once again, it is highlighted that appropriate metrics need to be used to link sponsorship with sales. But if this is done so appropriately, it is argued that the ability to prove the sponsors' return on investment both in the short and in the long term can assist in building the sponsorship relationship further into the future. It is, in fact, argued in their study that the long-term sales impact, which is often not measured in sponsorship agreements, needs to be also included in future measurement scales, since as they argue: "Longer-term sales impact is almost always ignored and as a result, the true ROI is often significantly understated. This is especially true in sponsorship, which tends to focus on brand rather than product-level communication, generating long-term impact" (Nielsen Sports, 2021, p. 19).

Apart from linking sponsorships with tangible sales, it is also argued that the evolution of consumer behaviour (the multiplication of channels through which sport is being consumed, and the new platforms emerging every day, creating new experiences (and consumption avenues and outcomes) for the fans of sport entities), and thus the change and further development of the potential audience for the sponsoring brands, are all elements that should be taken into consideration when measuring the true value of a sponsorship. Tangible outcomes are indeed needed to establish the true value that sponsorship can have for a sponsor. As a result, a sophisticated and holistic measurement framework is needed to be able to capture the full extent of the benefits a sponsor might get through a sponsorship. All these metrics, including the cross media impressions, brand awareness, brand image, and actual and predicted sales due to a sponsorship are needed in order for the true return on investment (ROI) to be assessed and no longer questioned.

2.2.4 The appropriateness between the sponsor and the sponsee

An important risk that might jeopardize the effectiveness of sports sponsorship is the fit between the brand image of the sponsored sport entity and one of the sponsoring company (Smith, 2004). When examining athletes, the decision to sponsor an individual can prove potentially tricky for the sponsoring company. For example, if an individual has been selected, then appreciating how strong their brand is in the minds of people can help a company decide whether to sponsor them or not (Smith, 2004). If the individual is for example, too famous, then the brand of the sponsoring company can eclipse. At the same time, if the individual is not famous enough, then the effects of the association with the brand can be weak. In other words, if people do not know who that individual is, then prospective customers might not be attracted to them.

This is exemplified by the case of David Beckham. David Beckham, the now retired football player, has over the years formed partnerships with a number of companies ranging from Pepsi and Motorola, to Emporio Armani and H&M (Forbes, n.d.). Based on the number of sponsorship and partnership deals he has signed, and the fact that he remains one of the most recognizable names in football worldwide, the ability of a brand to be associated with him and remembered according to their prospective customers can diminish.

As it was argued in module one of this course, the personality of the individual or the brand image of the sport entity selected has to be considered when the decision to sponsor them is made. A big part of this examination and evaluation of their brand image is the assessment of the entity's integrity (Kelly, Weeks & Chien, 2018). This is because it is the traits or features of the sponsee's brand image that the sponsoring company is aiming to transfer to them through their partnership. In simple words, if the sport entity sponsored is for example, implicated in a doping scandal, in a match fixing scandal, or even in a non-sport related scandal, such as a financial, personal or family issue, then it



is feared that the negative features associated with the sport entity developed due to their potential lack of integrity, might be transferred to the company that is sponsoring them.

An example in which this can be clearly illustrated is the long-held and well-advertised partnership formed between the cyclist Lance Armstrong and Nike. Lance Armstrong was a popular and successful cyclist, who had also published his struggle with cancer. Nike had sponsored Armstrong for a number of years and supported him openly in his fight against cancer, as well as in raising awareness around this issue. Their widely advertised sponsorship partnership was further highlighted by the creation of the Livestrong campaign and its corresponding collection, best known for the popular yellow wristbands. As Nike (2008) reported, all profits from the collection co-produced by Nike and Armstrong would go to the Lance Armstrong Foundation, known for their support to people fighting cancer.

After news broke of Armstrong's doping scandal, and despite Nike's long support and partnership with him, Nike ended their partnership with the cyclist in fear that the bad traits associated with his behaviour might be transferred to them. As they highlighted in their official communication:

Due to the seemingly insurmountable evidence that Lance Armstrong participated in doping and misled Nike for more than a decade, it is with great sadness that we have terminated our contract with him. Nike does not condone the use of illegal performance enhancing drugs in any manner. (Nike, 2012)

A similar example, but of a non-sporting incident, was the case of the American swimmer Ryan Lochte. In the Rio Olympics of 2016 Ryan Lochte made allegations of robbery that proved to be false, whilst using derogatory terms to refer to the locals. This widely published scandal was shortly followed by partners such as Speedo, Ralph Lauren, Airwave and Syneron-Candela ending their deals with him immediately, resulting in him losing approximately 15 million U.S. dollars (13.65 million euro). This abrupt ending of the deals was done to ensure that none of the negative features associated with Lochte at the time would transfer to the sponsors. Interestingly, Speedo in an effort to further stress their disengagement with Lochte and their disagreement with his behaviour, announced the donation of 50,000 US dollars (45,521 euro) to the Brazilian branch of the Save the Children charity (Guardian Sport, 2016).

As the above examples highlight, a careful consideration needs to take place before deciding which sport entity is to be sponsored. At the same time, the sponsoring entity needs to be careful with the sponsoring companies they agree to partner with. That is because the link between the sponsor and sponsee has to be consistent and make sense



for the target audience (Gwinner & Eaton, 1999). If the goal of the sponsoring companies is to be associated with a consistently positive sport image, then the sponsored sport entity itself needs to also ensure that their positive image is not tarnished by a potentially problematic sponsorship agreement with a particular company. The need to do so is due to what academics call brand authenticity, which will be analysed below.

2.2.5 Brand authenticity

Brand authenticity and, in particular, perceived brand authenticity refers to the need developed in the eyes and minds of consumers to observe brands 'behave' and communicate in accordance to their brand (Napoli et al., 2014). In other words, it is believed that alongside a brand's image, particular expectations for the brand are developed by consumers and prospective consumers who expect the brand to be consistent with its original traits. As modern consumers develop, this need becomes more prominent in our purchase behaviour and the loyalty we show to particular brands. Consumers and prospective consumers identify and observe a number of elements from the way in which a brand 'behaves', to perceive and assess its authenticity. First, its credibility or the way in which the brand stands in reality and through their actions for what they promote they are. In other words, consumers assess if brands deliver on what they promise they will, linking the element of credibility with trustworthiness or sincerity to the brand's personality (Aaker, 1997).

Second, its symbolism or the way in which a brand reaches or can reach their potential to act as a resource for consumers to build their own identity. In other words, symbolism refers to the symbolic quality the brand has to assist consumers to define or re-define who they are through their consumption. So, if a consumer is to consume a brand and thus be associated with it, the symbolism of a brand assists them in further building their identity through this brand attachment or self-connection (Park et al., 2010).

Third, the brand's integrity or the way in which a brand stays true to the virtues mirrored in the brand's values, intentions and communication. In other words, through a brand's communication and promoted values, consumers develop expectations on what its actions and associations will be. The virtues and values of a brand are then assessed by consumers based on the brand's actions and associations with other brands, informing how they perceive the brand in terms of integrity (Morhart et al., 2015).

Fourth, the brand's continuity in their actions and communication, or the way in which a brand remains unchanged according to the consumers and prospective consumers. While progress is to be expected, it is argued that consumers do not respond positively to brands that do not 'survive trends', but are instead guided by them, changing often what they stand for and how they promote this to their customers. In other words, continuity mirrors a brand's ability to be timeless and to transcend trends, remaining close to the built heritage of the brand, highlighting a brand's stability over time and ultimately, its likelihood to persist into the future (Merchant & Rose, 2013).



Due to the close connection between sport brands and consumers, it is argued that brand authenticity is of paramount importance in sport. Brand authenticity is an important aspect of brands nowadays, since modern consumers appear to demand for brands to remain true to their original values to continue to support them, and thus illustrate their brand loyalty. Brand loyalty is then not only evident in their continuing to consume the brands, but also in remaining a supporter of the brand by spreading a positive 'word-of-mouth'. Word-of-mouth refers to the positive comments and the recommendations one can make for a brand to their peers, which is believed to be a highly effective method in convincing individuals to try a new brand and thus make them consumers as well (Morhart et al., 2015). As a result, the importance of brand authenticity for a brand's longevity and success can be highlighted both on a wider scale and in sport in particular.

Examples of questionable sponsorship agreements can be found in sport entities around the world. For example, the cycling event Tour of California received a lot of negative publicity when they agreed to sign the biotech company AMGEN as their title sponsor in 2006. While AMGEN was aiming to improve their brand image through their sponsorship agreement with the cycling event, they were also one of the first companies to be producing and marketing EPO, a drug that had been previously used by cyclists to enhance their performance, something that reflected badly on the cycling event's image (Weislo, 2010).

Similarly, Newcastle United FC, a Premier League football club based in the North East of England, agreed in 2012 to partner and promote Wonga on their shirts. Wonga is a payday lender company that issues short-term loans to its customers, often with high annual interest rates. The partnership between the club and the lender company was not received well by the wider fan base of the club, since a number of the local fans had developed negative associations with the company due to their significant annual interest rates. As a result, negative publicity surrounded the commercial agreement, with intense criticism expressed on Newcastle United's decision (Hardy, 2015).

Similar criticism has been expressed recently regarding sport's association with unhealthy food brands through sport sponsorship (Dixon, Lee & Scully, 2019) and within it the promotion of unhealthy food habits to children. Examples of such sponsoring deals that have attracted severe criticism can be seen in a number of sport entities worldwide, such as McDonald's partnership with the Olympics and FIFA, both of which have been accused of not adhering to the values of sport in terms of the promotion of health.

Finally, a recent example in which criticism on the association of different brands through sport sponsorship escalated and led to the termination of sponsorship agreements, is the dissolution of commercial agreements between a number of sport organizations, including football clubs, federations and confederations, with Russian brands, following the conflicts taking place in Ukraine in 2022 (Lepitak, 2022). As it was reported, many prominent sport organizations that have been associated with Russian brands (mostly non-sport related sponsors) have ended their agreements in an attempt to disassociate



with them following the severe criticism they received from their consumers. Among them, UEFA that ended their long-running sponsorship with the energy company Gazprom, estimated to be worth 45 million US dollars (41.63 million euro) a year, and Adidas that decided to end their partnership with the Russian football federation, which was worth 10 million US dollars a year (9.25 million euro).

While sport sponsorship is indeed the biggest source of income for the sport industry and as such its financial significance in sport worldwide is undeniable, considering the fact that a double brand image transfer can occur, highlights that maintaining and safeguarding the image of sport, and thus its brand authenticity, needs to be also taken into consideration when a potential new sponsorship deal is being discussed.

2.2.6 Ambush marketing

An important element of any sponsorship agreement, as we discussed in the previous module of this course, is the ability of a sponsor to associate themselves and advertise their association with a sponsored sport entity. This happens for the audience, the consumers, and the potential consumers, to be made aware of the sponsorship agreement, so the objectives of the sponsorship, that were also elaborated upon in the previous module, can materialize.

A big obstacle can appear in this effort, called ambush marketing. Ambush marketing is the promotional strategy that a non-sponsor company can adapt to attempt to capitalize on the popularity and prestige of a sport entity, by falsely giving the impression that they are a sponsor when they, in fact, are not (Meenaghan, 1998). In other words, ambush marketing refers to a strategy by which an organization or a brand that is not directly related with a sport entity might try to claim an association with them, without nevertheless having engaged in a sponsorship agreement. This strategy is an infringement of the rights of the sport entity, going against the rules on which a sponsorship agreement is based, and thus having potential legal implications. It is nonetheless a very common practice nowadays, with more frequent and more creative approaches identified every year worldwide.

It is believed that ambush marketing has three main objectives (Chanavat & Desbordes, 2014). First, to divert attention away from the sport entity and towards a company that is not officially associated with the entity. Second, to reduce the effectiveness and success of the official sponsorship deals, by reducing the attention drawn to them. And third, to attract attention to the non-sponsor company and influence the way in which the audience perceives them. In other words, ambush marketing aims to build both brand awareness and brand image for a company that is not an official sponsor of a sport entity, while diverting or 'stealing' the attention for the entity in question.

In order for ambush marketing to be better understood, we need to examine what sports rights are. Sports rights are owned by the athletes, sport clubs, sport leagues, sport



associations and sport federations (Meenaghan, 1998). These rights are generated inside a sporting venue, for example, through a broadcast or advertising, and outside any sporting venue, for example, in the peripheral area of a stadium, in a club's emblem and name and even in an athlete's name, number, logo, nickname, signature or image. These rights belong to what we often refer to as the 'rightsholders' who then have the ability to draw commercial agreements with other companies in order to allow them the use of their rights in sponsorships. As we discussed in the previous module of this course, we see sport entities, for example, agreeing to allow non-sport related companies that are sponsoring them to use their name and logo in their' official communication. Regarding player rights, through similar sponsorship agreements they can allow sponsors to use their name, number, logo or image to promote their association in their official communication.

In ambush marketing, we observe companies who are not commercially contracted with the rights holders trying to promote a potential, yet not existent connection with the sport entity, to confuse the audience. This is why it is argued that ambush marketing is based on the infringement of rights (Meenaghan, 1998). It is worth underlying that this infringement might not always be evident according to the consumers, since the existence of a contractual agreement between a sponsor and a sponsee might not always be made known to all existing or potential consumers. As a result, ambush marketing and the intentional infringement of rights has led to some infamous court cases in which the sponsored entity defended their own rights and protected the already existing sponsors and the sponsorship agreements signed.

Ambush marketing has developed into a very complex operation involving both small and big companies that choose not to formally engage with a sport entity, more often a sport event, but might still attempt to create a connection with them using ambush marketing (Meenaghan, 1998). Ambush marketing can take either a direct or an indirect form. A direct form would involve a company promoting themselves as being part or associated with a sport entity, and in a way diluting the exposure of official sponsors and their respective campaigns. This can happen from direct competitors of the sponsor companies and tends to attract a lot of media attention. Indirect ambush marketing involves the use of images related to a sport entity in another company's advertising. In this way, a mental connection is attempted to be made with a sport entity, without having any direct mentions of the sport entity. In other words, indirect ambush marketing is a 'softer' approach to direct ambush marketing.

The most common forms ambush marketing can take include opportunist marketing and parasitic marketing. The former occurs when an individual uses a particular event to promote a brand that they are associated with, even though the event in which they participate is not officially associated with the particular brand (Porter, 2018). This can occur in individual athletes' endorsements in which the athletes have a commercial agreement with a particular brand, and might promote this brand in an event in which



they participate, even though the event itself does not have a commercial agreement with the brand. The footballer Nicklas Bendtner participated in such an ambush marketing 'stunt' during the European Championship of 2012, in which, during his goal celebration, he promoted the betting company Paddy Power, which was not a sponsor of the event (BBC Sport, 2012). While Nicklas was punished for his involvement in ambush marketing with a one-match ban and a 100,000 euro fine, Paddy Power succeeded in promoting their brand in an event they were not associated with, and further exploited their connection by paying the footballer's fine and creating additional advertising and promotions focusing on the 'stunt' itself.

The latter and most common form ambush marketing can take is the one of parasitic marketing (Porter, 2018). In parasitic marketing, we see a brand that has no connection with a particular event, team or individual trying to advertise and promote themselves around the event, league or individual without attempting to have any formal connection with the sport entity through the agreement to use their rights.

An interesting case to examine such an approach in ambush marketing is the study of Nike. Nike is considered to be one of the biggest companies involved in ambush marketing, with their efforts attracting media attention and corresponding legal actions from the sport entities who are the respective rights owners. Nike has, over the years, used ambush marketing to try and associate themselves with mega sport events such as the Olympics and the FIFA World Cup. In both cases, Nike is not the official sponsor of these mega sports events, with their rival Adidas having signed sponsorship agreements with them.

Nike's approach in ambush marketing involves the investment of large amounts of money on creating campaigns around these events, often using individual athletes that they sponsor, to create a clear connection with said mega sport events, but without using their official logo, since no official commercial agreement exists.

One of their best efforts in ambush marketing was their attempt to associate themselves with the 2010 FIFA World Cup (Ofek, 2010). At the time, Nike created an impressive and costly advertising video, involving a number of star footballers with whom they have individual agreements with. The video did not include any logos of FIFA or the World Cup in question, focusing only on the sport and the individual athletes they already sponsored. The video, which was praised for its aesthetics, attracted more than 14 million views on YouTube within the first days of its broadcast and is still regarded as one of the most successful ambush marketing campaigns ever made. At the same time, Adidas, the official sponsor of the tournament did not manage to attract similar attention to their brand, with their advertising campaign achieving significantly less than the views Nike got (2.8 million views on YouTube). It is worth mentioning that Adidas followed a similar approach in their advertising, using star athletes that they had individual commercial deals with, as well as the official logos of the event (Klayman, 2010). Nevertheless, their results were significantly less successful.



It is, in fact, reported (in a study conducted by Nielsen Sports) that Nike's online buzz created due to their ambush marketing efforts was more than double than the one created by Adidas (Klayman, 2010). As a result, despite Adidas engaging in an official sponsorship agreement with the FIFA World Cup, it was widely suggested that Nike achieved a higher association with the event through their ambush marketing campaign. As the sponsor experts Nielsen argue:

“Social media has made ambush marketing easier, simply because of the virality of it,” said Alex Burmaster, vice president of communications for Nielsen. “Some people call it an echo chamber” (Klayman, 2010).

Nike's aggressive ambush marketing strategy has been consistent over the years, with similar expensive and extravagant efforts being made around a number of high-profile mega sport events. For example, similar efforts were noted around the Olympic Games, for which Adidas is once again the official sponsor.

It again needs to be underlined that ambush marketing involves the intentional infringement of rights and is therefore pursued legally. In fact, a number of laws have been used in order to combat ambush marketing and ensure that the rights of the sport entities are protected against companies that are not official sponsors (Chanavat & Desbordes, 2014). In addition, a number of further regulations are being introduced by international sport organizations and federations, to protect themselves and the clubs and athletes they represent against this practice. Particular emphasis is drawn on social media and their role in ambush marketing, since as it was argued above, their ability to widely and quickly disseminate content can prove an obstacle for the rights holder sport entities.

2.2.7 Uncertainty of sports

An additional risk and an obstacle to the success of sports sponsorship is what economists believe to be, in fact, one of the best assets in sport, the uncertainty of outcome. By uncertainty of outcome we are referring to the fact that the previous success by a particular athlete or sport club cannot guarantee their future success in the same sport event, league or competition (Czarnitzki & Stadtmann, 2002).

Most companies might choose to be associated with the best team or player in order for themselves to be considered the best or their sector's leader (Desbordes & Tribou, 2007). In fact, it is argued that a sponsorship deal might be more efficient for the sponsoring company when it is associated with a strong on field performance by the sponsored entity. A problem then can arise since sport is undeniably unpredictable. In any league, tournament, event, or competition there can only be one winner, and as a result, the team or athlete that was the winner last year might not be the winner the following year. From this point of view, sports sponsorship can be seen as a gamble in itself, since it does not present the same guarantees as a typical advertising agreement. That is why it is



suggested that sponsoring organizations need to be prepared when developing a sponsoring strategy in case a sponsored sports entity performs badly in the upcoming sporting event.

This in itself presents a big risk for both the sponsoring company and their sponsored entity. An example in which we saw this risk materialize in a financially devastating outcome was in how team McLaren managed their own sponsorship agreements in 2015 (Johnson, 2015). McLaren risked 20 million pounds (24 million euro) in sponsorship income, after having one of the worst seasons in their history that year. Johnnie Walker, the alcoholic drink brand, had been sponsoring McLaren for over 10 years at that time, offering them 15 million pounds (18.19 million euro) a season. In 2013, they even offered to become the team's title sponsor for 43 million pounds per year (52.15 million euro), but the offer was turned down by the team because they deemed it too small. Bank Santander was also offering 5 million pounds (6 million euro) a year through a sponsorship agreement with the team, a deal that was at the time coming to an end based on the team's performance. It is believed that McLaren also lost their sponsorship with Hugo Boss, that instead opted to sponsor team Mercedes based on the team's performance.

2.2.8 Objectives reached

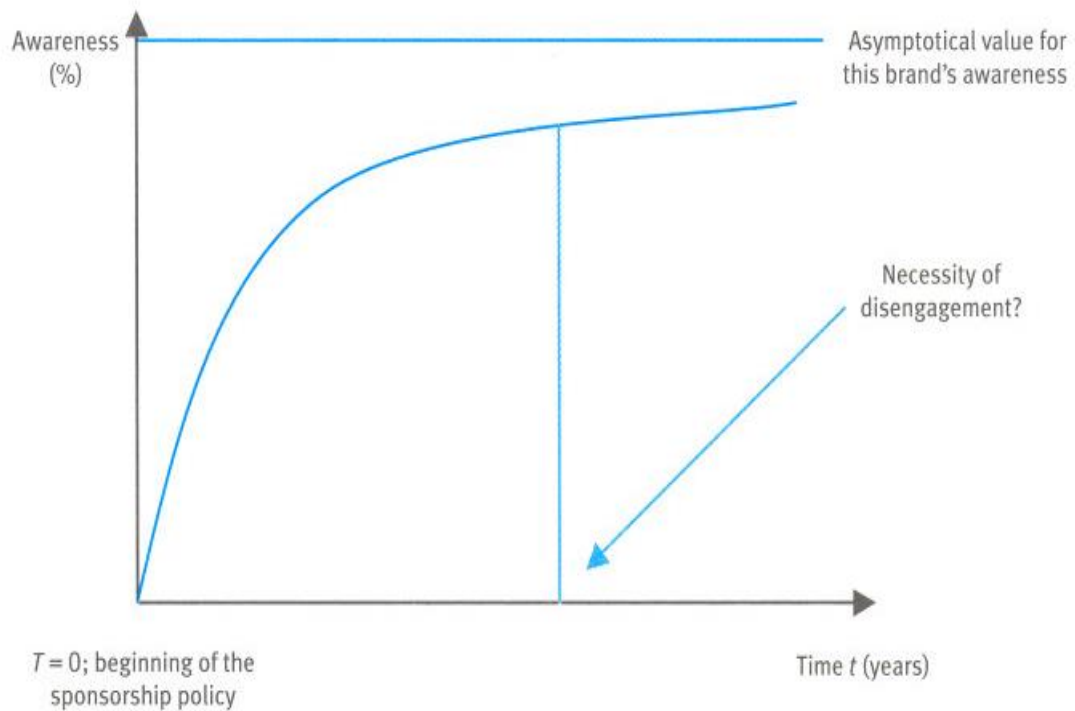
An additional risk or obstacle in the success of a sport sponsorship can be considered its duration. Research suggests (Desbordes & Tribou, 2007) that, despite our original belief that a long-term sponsorship will be associated with more benefits, it is, in fact, not always the case. Instead, it is suggested that sports sponsorship in reality is not an 'open-ended contract', based on the particular targets it is expected to reach. What research suggests is that too much advertising and promotion of the sponsorship can induce a saturation effect. This effect means that the objectives the sponsorship could achieve have already been reached and as a result prolonging the agreement will not have any additional positive results for the sponsoring organization.

The study (Desbordes & Tribou, 2007) considers that individual athletes' careers have their ups and downs and that sport events, tournaments and competitions have their own life cycle, which is to be carefully evaluated when deciding to sign and renew a sport sponsorship agreement. Research then suggests (Jensen & Cornwell, 2017) that a disengagement between the sponsor and the sponsee is to be anticipated. This disengagement needs to ensure that a good relationship between the two entities is maintained and promoted in order for the end of their agreement to not be misinterpreted in the eyes of the audience.

For example, as the figure below shows, if the aim of a sponsoring company is to build awareness through their sponsorship of a particular sport entity, then a moment exists in which the brand has been advertised and promoted to as many pairs of eyes as it could through the sport. And therefore, from that moment on it is suggested that the end of the sponsorship agreement between the two can be discussed.



Figure 1: When to disengage from a sponsorship policy?



From Sponsorship endorsements and naming rights, by M. Desbordes & G. Tribou, 2007, p. 279, In Beech, J. & Chadwick, S. (eds). *The marketing of sport*. Harlow: Pearson Education.

It is nonetheless argued (Jensen & Cornwell, 2017) that a very close connection and thus a congruence between the brand images of the sponsored and sponsoring organization, as well as high levels of brand equity, can reduce the hazard of dissolution of the sponsorship partnership between the two. Nevertheless, the increase in the number of sponsors associated with a particular entity, and thus the increase in the clutter created in the minds of the consumers, can be detrimental to the future of individual sponsorships. As Jensen and Cornwell (2017) argue in their work, with every one sponsor added, the hazard of dissolution in any of the sponsorship agreements increases, highlighting the significance that exclusivity in sponsorship agreements can have.

Summary

In this summary, we can briefly recap some of the most important things that we analysed in the past two modules, focusing on the first business focused monetization strategy within sport: sport sponsorship. In the previous module, we introduced sport sponsorship, its financial importance and the reasons for its growth. We also highlighted what the objectives of sponsorship are both for the sponsor and the sponsee, which entail growing the brand awareness and brand image, advertising through sport and effectively reaching particular market segments, sales and internal marketing, as well as cause related marketing. In this module, we introduced the sponsorship levels and examined the financial and wider risks, challenges and liabilities of sport sponsorship for both



entities. These include the congestion of sponsors, the need for an effective demonstration of return on investment for a sponsorship agreement, the issue of appropriateness or fit between a sponsor and a sponsee, the aspect of brand authenticity within sport, the practice of ambush marketing, the risks emerging from the uncertainty of sport and the issue of reaching a sponsorship agreement's targets. By the end of these two units, a thorough grasp of sport sponsorship, sport's first business focused monetization strategy has been achieved.

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