

# **(SP) BUSINESS ELEMENTS IN FOOTBALL: AN EXAMINATION OF THE TANGIBLE AND INTANGIBLE ELEMENTS OF THE PROFESSIONAL HUNGARIAN FOOTBALL CLUBS' SPONSORSHIP PROPOSALS**

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## **Introduction**

Large differences are emerged between the East-European sport system (observing the principles of socialism) and Western-style business-orientated sport system (focusing on profitability). Hungarian football previously featured a government-budget orientation in the past (i.e., all elite sport was government funded), so it will take time to transform the driving force into a more cooperative model integrating sport into marketing. When Western-style corporations become involved in sponsoring Hungarian professional football, their capitalistic attitude (i.e., economic profit motives) conflict with Hungarian's distinct socialism (i.e., social profit motives).

Corporate sponsorship has become an increasingly popular and effective form of marketing communication technique as shown by the global expenditure on corporate sport sponsorship was reported as being \$US 43.1 billion in 2005 (*Sponsor Click's Sponsorship Marketing Global, 2005 Report*). According to the *National Sports Office* (2002) report the amount of Hungarian sport industry (GDSP) was approximately \$US 1.7 billion which was 2% of the total GDP. The sponsorship expenditure was \$US 190 million in 2005, composing 7.7% of total rate card cost media expenditure.

Sport sponsorship has been shown in the literature to be a viable component with mutual benefits for both the commercial corporations' marketing and brand communication strategy and the football clubs (*Apostolopoulou & Papadimitriou, 2004; Stotlar, 2004; Kolah, 2003; Geng, Burton & Blakemore, 2002*). Sport sponsorships represent value exchange relationship between sport organizers, corporations, and other intermediaries. Such relationships are based on principles of maximizing rewards and minimizing risks for all parties involved (*McCarville & Copeland, 1994*).

There has been limited research focusing on the elements of football clubs' sponsorship proposals. But of the main intentions of a sponsor is to utilize the exploitable commercial potential of a sport property. In case of professional football clubs, there is increased pressure to seek out corporate sponsorship support to ensure ongoing organizational viability and survival. Our research work was indicated by an apparent lack of comprehensive investigation of the tangible and intangible elements of football clubs' sponsorship proposals in Hungary. It has received little academic attention and has not been opened to academic scrutiny. The primary purpose of our empirical and exploratory research was to reveal those tangible and intangible factors which have an impact on the sport sponsorship portfolio of the Hungarian professional football clubs. The secondary purpose was to propose a valuable sponsorship portfolio (proposal) encompassing the key strategical elements for a workable relationship between football organizations and sponsor corporations in Hungary's relatively complex marketing climate in order to develop successful sponsorship strategies - strategies that will serve the development of sport marketing in Hungary.

## Methods

The methodology is quantitative survey manner and the research is exploratory in nature. For conceptualization purposes, in order to establish the validity and reliability, the survey instruments were tested by sport marketing and sponsorship theorists and practitioners in a pilot study. *Sample*: questionnaires were distributed to all the Hungarian professional football clubs, which existed in the two highest divisions in 2005 (N=47). Subjects were provided self-administered questionnaires focusing on tangible and intangible factors of their sponsorship proposals. Vice presidents, marketing directors and general managers were chosen to answer the questions. The main criteria for selecting the suitable subjects in our study were the quality of information: therefore, the managers who were tested had a direct involvement in their team marketing strategies including sponsorship activities.

Descriptive and more sophisticated statistical analysis were executed to evaluate the marketing efficiency of the Hungarian professional football organisations' sponsorship efforts. Statistica for Windows (StatSoft, Inc. 6.0) was used for data analysis.

## Results

According to our research, the value of sponsorship can be assessed by these elements:

- Tangible benefits – quantitative benefits, such as measured and non-measured media coverage, televised signage, tickets and hospitality, on-site signage and sampling;
- Intangible benefits – qualitative benefits, such as prestige of property, recognizability/awareness, category exclusivity, level of audience interest/loyalty;
- Geographic reach/impact of property – the size and value of market in which a sponsor will promote the affiliation;
- Cost/benefit ratio - value of tangible and intangible benefits;
- Price adjusters/market factors - sponsorship fee are impacted by competitiveness within a category, the number of categories a sponsor purchases, the length of sponsor's commitment;

Research findings, assuming Hungarian sport will benefit from transitioning to a cooperative sport-marketing model (i.e., one in which the government and the private sector collaborate and find mutual benefit). The sponsorship proposal including elements stated above gives a document for the sponsor to justify the sponsorship investment and outline the sponsorship's value. The contents of sponsorship proposal identify the potential benefits what the sport property (football club) is worth. Given the unique nature of each sponsor, customized proposals and tailored sponsors benefits must be constructed. Our empirical research results will enhance the football clubs to increase their ability to negotiate successful relationship between private sector.

## Discussion

His envisaged that this research work can stimulate more debate on developing sponsorship techniques. According to *Stotlar* (2004) each sport property has a unique set of exploitable sponsorship components to offer prospective sponsors. Future empirical research in this direction can be guided theoretically to understand better the benefits and the sponsorship's value of football club. Hopefully, the research findings can be utilized

to bridge the gap between theory and practice in football sponsorship. As with sponsorship, theorists and practitioners form a symbiotic relationship where joint efforts are greater than the sum of the parts.

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