

RED BULL VERSUS COCA COLA SPORT SPONSORSHIP FROM A SPONSOR'S PERSPECTIVE

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Abstract

In 2010, 18.2 billion US-\$ were spent on sponsoring in North America of which 68 per cent are spent on sport sponsoring, by far the leading form of sponsoring (Streng 2010). The area of Sport Sponsorship is immensely important in the sport business. In the major sport leagues sponsorship makes up at least a third of the overall turnover (Ludwig and Schneider 2010). However, the way in which sport sponsorship is dealt with has changed dramatically in recent years. The time where a sponsor just kindly signed a contract to support the local club is gone, especially when it comes to global operating organizations. On the one hand companies are willing to spend more on sport sponsorship. On the other hand they want to gain more in return. In 2010, 63.7 per cent of the companies have a written strategic and operational planning before starting the sponsorship (Hermanns and Büschner 2010). The question that occurs is therefore how companies strategically plan their sponsorship activities. To respond to this question, this paper analyses the sponsorship strategy of two major sponsors from the beverage industry, Coca Cola and Red Bull.

Coca Cola is the best known brand in the world and was one of the first sponsors in sport in the early 20th century. Red Bull is a new company which is highly involved in sport sponsorship. Their approaches however are different. While Coca-Cola is investing huge amounts to sponsors majors events with a global reach, such as the Olympic Games or the FIFA World Cup, Red Bull initially invested in lesser known extreme sports with a very specific target audience. Moreover, contrarily to Coca-Cola, Red Bull does not limit itself to buying sponsorship rights. In most cases, it also took over the control of the sponsee. Red Bull runs competitions in extreme sports, organizes events, and owns its own Formula 1 team and three football clubs (Salzburg, Leipzig and New-York). Red Bull's strategy, now the fourth biggest sport sponsor in the world, is thus different to other global sponsors. In literature it is argued that implementing and using the gained rights costs the sponsor three times the money that they have spend on

buying the rights. Involved in this money is planning the sponsorship deal, carrying it out and last but not least evaluating the whole process and engagement (Hermanns 2003). So according to this the strategic planning process is crucial in order to communicate effectively and achieve the desired outcome. It has become more professional and the amount of money and time spent on this process has increased over the last years.

Furthermore, Bühler and Nufer (2010) see mutual understanding, a long-term perspective and trust as important to satisfy the needs of both parties. Hence there are a lot of different perspectives that need to be considered during the strategic planning of a sponsorship deal and different types of strategies can be followed.

The comparative case study of Coca-Cola and Red Bull' sport sponsorship strategy relies on extensive secondary data, from newspaper coverage and official websites from both the sponsors and their sponsees. To gain an additional insight, interviews with the sport sponsorship department of both organizations are planned to better apprehend their strategy and see what their plans are/were and what actually was achieves. These interviews will explore their target group(s), reason for this target segment, activities, general understanding of sponsorship, importance of sponsorship within the company etc.

Preliminary results show that there are big differences in the sponsorship strategy of Red Bull and Coca Cola. While Coca Cola seems to be a partner of the sponsee, Red Bull is using a more aggressive style of sponsorship. Red Bull tends to take control of the whole situation in order to ensure the success and the direction of the event. The whole Red Bull company has implemented its sponsorship activities. An example is Red Bull TV, the company owned TV channel, which further broadcast the sponsees. Sponsorship is part of the company philosophy and irrigates its whole marketing strategy. The core product and the sponsorship area are closely linked.

Though different, these two cases both demonstrate that strategic planning is getting more important in global companies. There are certain patterns which can be found as well as differences which are due to the different approaches and culture of the company. The implications for the future are more professionalism and concentrating on the own culture rather than trying to copy the strategy from another company. Strategies need to be unique and specifically created for the organisation.

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