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# THE END!? AN INVESTIGATION INTO THE ENDING PHASE OF A SPONSORSHIP

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## Abstract

### 1. Aim of abstract/paper - research question

In view of the amount and size of top-level sponsorship deals and the difficulties in measuring their effectiveness, this dissertation examines a major sport sponsorship contract and aims to discover why such a prestigious contract ended despite, arguably, being successful in marketing terms and what can be learned about the process that could be used to maximise the benefits of other such contracts.

### 2. Theoretical background or literature review

There is evidence that long-term business relationships help achieve competitive advantage and Dyer & Singh (1998) propose that the relationship between parties to a sponsorship agreement is a key means of achieving competitive advantage. However, while previous research has been conducted on how a sponsorship relationship can develop throughout its lifecycle (Urriolagoitia & Planellas, 2007), a study of the literature reveals a significant gap in knowledge relating to the end phase of sponsorship agreements and reasons why such relationships are terminated. Unfortunately, Copeland, Frisby & McCarville's (1996) survey amongst firms provide only general motivations such as 'little value or return on investment' and 'corporate objectives not being met' which led to ending sponsorships, and do not provide much managerial insights.

From a strategic angle, much sponsorship research has focused on the formation, management and evaluation of sponsorship. For example, Urriolagoitia & Planellas (2007) suggest a sponsorship relationship lifecycle, but are not further concerned with the nature of the relationship during the terminal stages of a contract. Therefore, this study takes a wider look and conceptualises large sponsorships as business

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relationships – especially considering factors that influence different types of business relationships (e.g. Duck, 1981) and arguments when it would be beneficial for a company to try to continue a business relationship instead of ending it (Tahtinen & Vaaland, 2006).

### 3. Methodology, research design and data analysis

The research draws on the case of a regional business section of a multinational global leader in electronics and its sponsorship relationship with a large sports governing body that lasted for six years and was terminated only fairly recent. Shortly after, rich and depth insight was gained by use of a qualitative case study, based on semi-structured interviews with key managers in the company, the governing body and the agency brokering the sponsorship. The collected information was then examined by the use of coding and in-case and cross-case techniques.

### 4. Results, discussion and implications/conclusions

The key findings were firstly, that such deals are more focused on partnership and relationship than in the past. Secondly, the main reasons for failure were factors not highlighted in the literature, namely, external pressures on the sponsor and a lack of comprehensive internal governance provisions.

The study recommends that parties to sponsorship deals pay closer attention to the pre- and post-contract phases of the deal, strengthen internal governance arrangements to ensure buy-in by all stakeholders and closely monitor the impact of external factors on the sponsorship relationship throughout its lifetime.

More specifically, it refines the ‘outcome’ stage of Urriolagoitia & Planellas’ (2007) sponsorship relationship lifecycle and extends it by suggesting a ‘post-termination’ stage. At the same time, the case provides insights into a ‘pre-formation’ phase. This is particularly important when considering the governance structures that impact on a sponsorship in order to be widely accepted as successful within firms. Hence, Dyer & Singh’s (1998) model of key elements necessary in order to link sponsorships and competitive advantage is discussed, too.

The study suggests the benefit of further research into the impact of internal communication and governance mechanisms in large organisations participating in sponsorship. As the study is focused on a single sponsorship agreement, further case-by-case research may be useful to verify the findings.

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## References

### 5. References

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