

# Issues in Sport Sponsorship Categorization and Exclusivity

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## Abstract

### Introduction

A number of strategies have been used by the sport organizations to grow sponsorship revenues. The strategies, referred by the authors of this study as "categorization strategies", include attracting new sponsorship categories (energy, telecommunications) and dividing existing categories into subsets, based on a variety of market criteria (domestic vs. international, consumer vs. industrial) and product attributes (cars vs. trucks, outdoor apparel vs. casual apparel). Adding new sponsorships from previously untapped industries or categories has brought "new money" and new opportunities. Dividing, or thin-slicing, a category into two or more "new" categories has proved complicated, as this action may shrink an existing sponsor's share of attention and open the door to competitors.

Anecdotal evidence has shown that the implementation of the aforementioned sponsorship growing strategies, particularly the categorization strategies, has caused concerns in the sport sponsorship community (Lefton, 2008, Mickle, 2008, Xie & Li, 2007). The authors of this study categorized the concerns into five issues:

- Issue 1: The increase in categorization of sponsorship may cause confusion in the marketplace.
- Issue 2: The exclusive sponsorship categories created by different sponsorship platforms (Irvine, Sutton, & McCarthy, 2005) may cause conflicts.
- Issue 3: The sponsorship developed by the governing body of a sport organization may have a conscripted advantage over the sponsorship entered by a member of the organization and infringe upon the existing relationships between the member and its sponsors.
- Issue 4: The difference between the sponsor and the rights holder in their definitions of sponsorship categories may cause conflicts.
- Issue 5: The proliferation of conglomerates may increase brand conflicts.

### Research Questions

Are the five issues presented above common phenomena in the sport industry? How does each of the identified issues impact the brand visibility and differentiation of the

involved sponsors? A series of investigations have been proposed to seek answers to these research questions. This study was designed to explore the issues through the examination of NASCAR's sponsorship categorization,

NASCAR has become the second-most popular professional sport in terms of television ratings in the U.S (Okeefe, 2005). Its fans are considered the most brand-loyal in all of sports. Accordingly, corporate America has flooded its money into sponsorship deals with NASCAR, including its series, events and teams as "NASCAR sponsorship is [viewed as] the best buy in marketing" (DeGaris, 2005, p. 1). It is the authors' hope that the outcomes of the study will lay the foundation for future empirical research in this area.

## Methodology

A single case-study approach was adopted as the research method for the study. The study involved the reviews of NASCAR sponsorship-related literature published in scholarly journals, magazines, and newspapers or available on the web, and the interviews with a number of individuals who either have experienced or are familiar with NASCAR sponsorship decisions at different sponsorship platforms within the NASCAR family.

## Results, Discussion and Implications

The results of the study indicated that most of the issues were also found in NASCAR sponsorship. Examples included 1) creating two categories of sponsorship for the companies doing business in the automobile industry, the official sponsors and the automobile aftermarket companies (e.g., the Goodyear as the Exclusive Tire Supplier and the Canadian Tire Inc. as the aftermarket sponsor), 2) designating Coca Cola as NASCAR's Official Non-Alcoholic Beverage while allowing Pepsi to be the title sponsor of a particular race (e.g., the Pepsi 400), 3) permitting Arby's, McDonald's, and Subway connect with NASCAR with different platforms and capacities – Both Arby's and McDonald's leveraging the sport at the teams level, but Subway sponsoring a number of Subway 500 races.

The categorization strategies have created a number of issues in sport sponsorship. The aforementioned NASCAR-related cases provide new evidence of their existence. Further empirical studies are needed to determine the impact of those issues on the brand visibility and differentiation of the involved sponsors.

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