
SPONSORSHIP ACTIVATION: EXAMINING THE OPTIMAL INVESTMENT TO ACHIEVE SPONSOR OBJECTIVES

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Abstract:

SPONSORSHIP ACTIVATION: EXAMINING THE OPTIMAL INVESTMENT TO ACHIEVE SPONSOR OBJECTIVES

In a survey of sponsorship decision-makers sponsors reported spending \$1.70 for every dollar spent on sponsorship rights fees—a mere 10 cent increase from the prior year ((IEG/Performance Research Sponsorship Decision-makers Survey, 2012). It also revealed that more than 20% of sponsors spend no money on activation, nor had they determined whether the return on sponsorship investment was improving; yet, eighty-six percent of respondents indicated an increased need for validated sponsorship results (IEG/Performance Research Sponsorship Decision-makers Survey, 2012). These results have been a debate topic for sport properties and sponsors alike, with academicians weighing in to negotiate contentions regarding proper sponsorship activation and associated costs.

The current study addresses activation strategies from both the property and sponsor perspectives. Specifically, we ask (1) what are effective activation strategies for various sponsor types, (2) are sponsors linking the activation strategies to corporate objectives, and (3) do sponsors enlist the aid of the properties when designing / implementing activation strategies?

LITERATURE REVIEW

While early investigations of sponsorship focused on topics like property-sponsor fit, sponsor motives or investigations into the financial implications for sponsoring companies, there is a paucity of extant literature examining sponsor activation. Cornwell (2008) listed activation and leveraging as one of the most urgent areas of sponsorship needing academic inquiry. Cornwell differentiated between leveraging (“all marketing communications collateral to the

sponsorship”) and activation (“communications that encourage interaction with the sponsor”) to press for research that takes a holistic view of various sponsorship elements (2008, p.51). While not specifically mentioned, presumably this call derives from practitioners’ needs to justify sponsorship spending and to demonstrate returns on investment.

Several academicians accepted Cornwell’s charge and published work on areas such as ambush marketing, social considerations of sponsorship and reconstructive memory. While not as broadly researched, some researchers delved deeper into the issue of sponsorship measurement. Kourovskaja and Meenaghan utilized the proprietary Millward Brown Optimor (MBO) model to assess the financial impact of sponsorship to a firm (2013). Operating from a brand management perspective, the MBO model examines the cost of the sponsorship program and the value created by it in assessing financial impact to the firm, touting this method as superior to traditional sponsorship measurement approaches such as media equivalency, short-term econometric modeling and impact to the brand. As such, the MBO method links sponsorship not only to the brand value, but also to the shareholders’ value. Meenaghan and O’Sullivan (2013) provide a brief, but excellent analysis of the state of sponsorship evaluation as it relates to media exposure analysis and sponsorship awareness. The authors conclude that future sponsorship must measure the levels of engagement (a primary objective of activation) those exposed to a sponsorship have with the sponsoring brand if a firm is to truly measure the impact. In another paper Meenaghan et. al, posit that major sponsors seek to address marketing issues for a wide array of stakeholder groups, and as a result, must adopt new methods of sponsorship measurement to not only measure corporate objectives for each stakeholder group, but also to measure impact from relatively newer elements of sponsorship like social media and engagement activities (Meenaghan, McLoughlin & McCormack, 2013).

METHODOLOGY

In order to ascertain effective activation strategies that support corporate objectives, data were collected from sport properties and firms utilizing sport sponsorship as a substantial element of their marketing activities. The properties supplied information regarding the type of business of the sponsor, the level of sponsorship (based on rights fees paid), activation strategies built into the basic sponsorship, and any additional activation strategies undertaken by the sponsor. Where applicable/available, the properties supplied an estimated net return on investment for each sponsor. Firms supplied information regarding rights fees paid, activation strategies associated with those sponsorships, and internal return on investment figures for each sponsorship program.

RESULTS

The results revealed that effective activation strategies differed by business size and type, as well as type of sport property. Large regional or national firms sponsoring national or international properties tended to spend more on activation, pursued activation strategies that could be analyzed for return on investment, and often did not consult the sport property for help designing activation strategies. Smaller regional or local firms tended to focus their in-

game or on-site activation strategies on a single element, and augmented that with social media or traditional advertising. These smaller firms also tracked the return on their activation investment and worked closely with the properties to design activation strategies that would achieve the firm's objectives.

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