The Logic of Sport Products in Sport Sponsorship

(Herbert Woratschek und Lars Griebel)

Sponsorships play an integral role in the sport business environment. Global expenditure on sport sponsorship rights amounts to approximately 31 billion U.S. dollars (Rentz, 2019). The goals of sponsorship expenditures are the enhancement of brand image, the increase of brand awareness as well as the growth of market share and product sales (Cornwell & Maignan, 1998, p. 12).

The Evolution of Sponsorship Thinking

In the 1970s, sponsorships were perceived as gifts without consideration from the sponsor (Ryan & Fahy, 2012, pp. 1138-1140). This relationship is described as philanthropic approach in Figure 1.

Figure 1: The evolution of sponsorship thinking (adapted from Ryan & Fahy, 2012, p. 1139)

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1 Please cite (style APA 6th or American Economic Review):
It was not until the 1980s that the relationship between sponsor and sponsee became more symmetrical (Seitanidi & Ryan, 2007, p. 250), and approaches to sponsoring became more commercial oriented. In the 1980s, the analyses shifted towards a market-centred approach with end consumers as a target (Figure 1), and focused on sales and brand awareness. Sponsorship was perceived as an investment in an alternative communication tool alongside more traditional media, such as advertising (Ryan & Fahy, 2012, pp. 1140-1141).

In the 1990s, the consumer-centred approach put the emphasis on the meaning of sponsorships considering all types of consumers (Figure 1). Positive image transfer, consumer involvement and the fit between sponsor and sponsee were analysed (Ryan & Fahy, 2012, pp. 1142-1143).

The strategic resource approach, which started in the 1990s, perceived sponsorships as sources of competitive advantage if managed properly (Ryan & Fahy, 2012, pp. 1142-1143). Yet, sponsorships alone are insufficient as a communication tool, and in order to obtain a greater value, they additionally require the use of sponsorship-linked marketing programs such as advertisements with the sponsored entity involved (Cornwell & Maignan, 1998, p. 1).

Recent analyses about sponsorship shift from the donor-recipient perspective towards a B2B-relationship and networks approach (Ryan & Fahy, 2012, p. 1145). However, the analyses are still mainly limited to the relationship between sponsors and sponsees.

**Sport Sponsorship Rights as Products**

Sponsorship is still regarded in textbooks as a communication tool, which has a significant importance in many companies’ marketing mix (Séguin & Bodet, 2015, p. 306). The sponsor buys and exploits an association with a sponsored entity for marketing purposes (Thwaites & Chadwick, 2004, p. 351). In this process, the sponsor acquires rights “to affiliate or directly associate with a product or event for the purpose of deriving benefits related to that affiliation or association” (Mullin, Hardy & Sutton, 2014, p. 231). Therefore, sport sponsorship is mainly perceived as an economic exchange between sponsor and sponsee, where value is embedded in the sponsorship rights sold by a sponsee and used by sponsors. Therefore, traditional approaches follow the logic of sport products (Woratschek & Griebel, 2020), which is depicted in Figure 2.
Figure 2: The Logic of Sport Products in Sport Sponsorship

The sponsee, e.g. a team, creates value in form of sponsorship rights by cooperating with various actors such as leagues, media companies or consultants (Woratschek & Griebel, 2020, pp. 1-2). These rights include performance rights, e.g. jersey sponsorship, and usage rights, e.g. involve athletes to create content for social media (Woratschek & Buser 2018, p. 38). To use these rights, the sponsor provides the sponsored entity with financial payment, in-kind payment or services (Thwaites & Chadwick, 2004, p. 351). Sponsors utilize the value embedded within the rights to pursue commercial objectives. As shown in Figure 2, sport agencies often act as intermediary between sponsors and sponsees.

To put in a nutshell:

1. Sponsorship is perceived as a powerful communication tool.
2. The evolution of sport sponsorship has gone from a philanthropic to a B2B-relationship approach.
3. Traditional approaches follow the logic of sport products.
4. Sport sponsorship rights are sport products with embedded value-in-communication.
5. Sponsees create value by selling performance and usage rights.
6. Sponsors pay for these rights and use the embedded value of sponsorship rights.
7. Sport agencies can serve as intermediaries to facilitate the economic exchange in sport sponsorship.
References


