

The Logic of Sport Products in Sport Sponsorship

(Herbert Woratschek und Lars Griebel)¹

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.

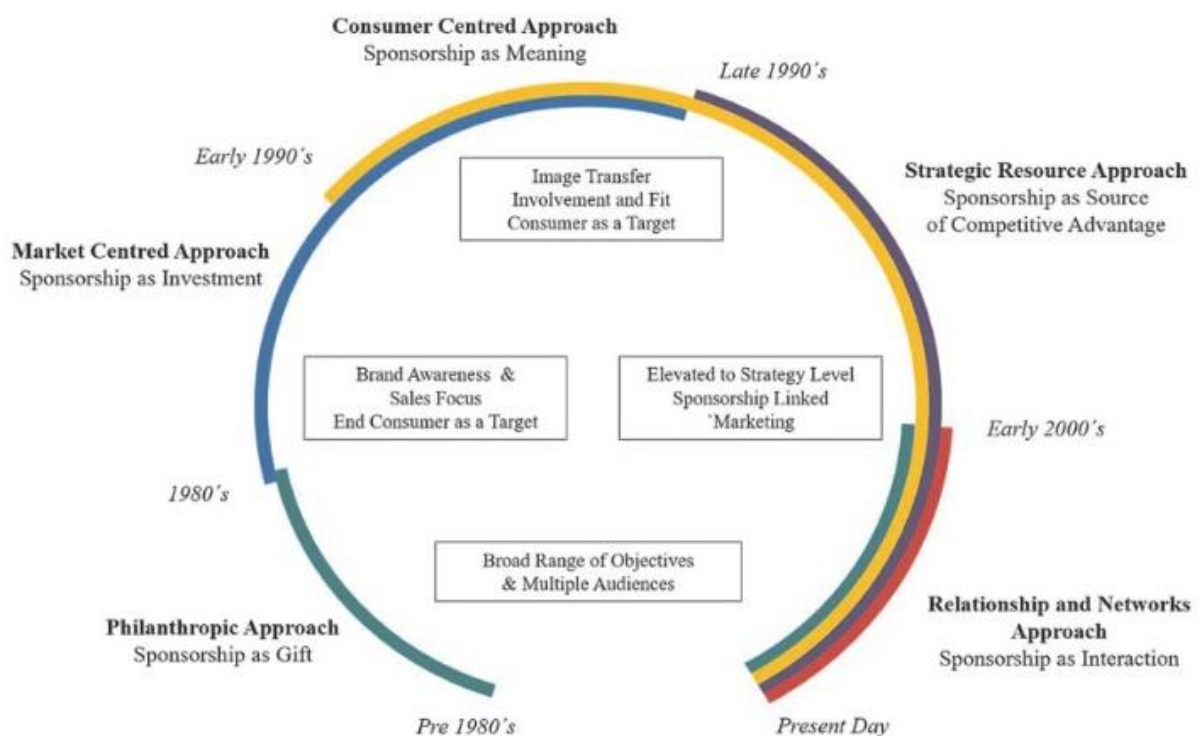


Figure 1: The evolution of sponsorship thinking (adapted from Ryan & Fahy, 2012, p. 1139)

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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).

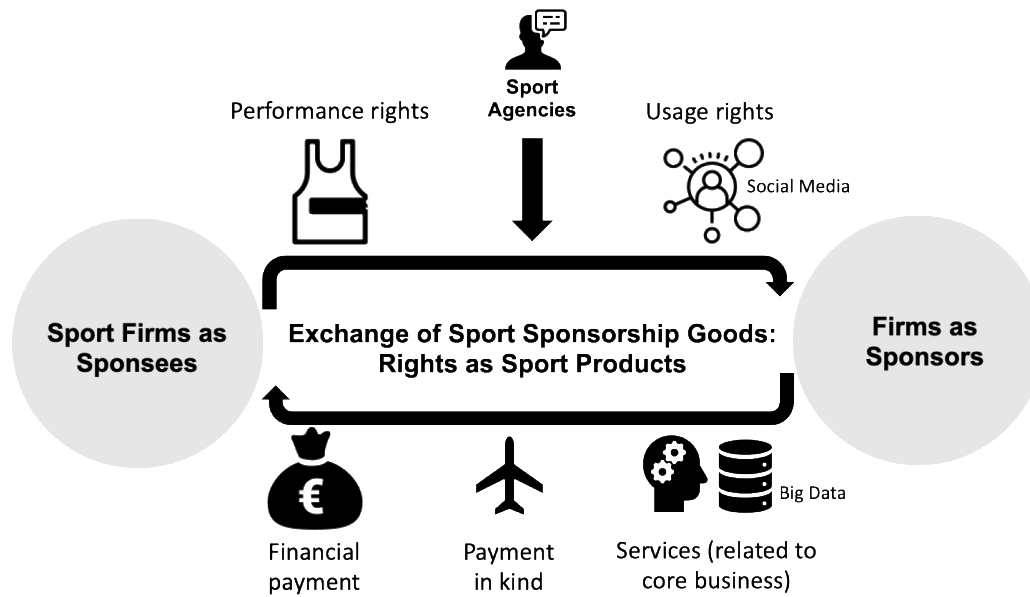
In the 1990s, the **consumer-centred approach** put the emphasis on the meaning of sponsorships considering all types of consumers (Figure 1). Positive image transfer, consumer involvement and the fit between sponsor and sponsee were analysed (Ryan & Fahy, 2012, pp. 1142-1143).

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 doner-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.



Images partly provided by <https://icons8.com>

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.

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