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# SPORT, MEDIA AND SPONSOR – THE SHIFTING BALANCE OF POWER IN THE SPORTS NETWORK

*Rosita Wolfe, Tony Meenaghan and Paul O'Sullivan*

**As sport has become an important social and economic activity it is increasingly the subject of management analysis. This article adopts a network perspective to examine developments in the sports network. In particular, it examines relationships between network 'actors' such as corporate sponsors, media and the owners of sport and analyses the changing balance of power in the sports network. Key media drivers of change in the network such as cable and satellite television, pay-per-view and digital technology are examined while the influence of sponsors and the issue of ambush marketing also influence the location of power in the sports network.**

**A qualitative research study sought the opinions of key informants drawn from various sectors of the sports network. Research findings focus on three key areas: respondents' perceptions regarding the drivers of change in the sports network; evolving relationship patterns and the location of power amongst various actors; and the proposal of a comprehensive model of the sports network involving both the owners of major and minority sports, terrestrial and satellite broadcasters and corporate sponsors. The emerging model is framed in terms of its larger context involving political, economic, social and technological influences impacting on the sports network.**

## **Introduction**

In recent years, sport has generated considerable interest from both the media and corporate sectors. This paper examines sport in a network context, discussing the network interactions between sport, media and sponsors. Developments in the sports, media and sponsorship sectors are all impacting on relationships and the balance of power in the network. Such developments have implications not only for the owners of sport, but for sponsors using sport as a marketing tool and for the media which use sport for audience generation. To date, no research study either in Ireland or in the larger world context has examined the phenomenon of the shifting balance of power and the evolving relationship patterns in the sports network. This article presents findings from a research study which adopted qualitative research techniques to examine the shifting balance of power in the sports network through accessing the views of key informants in the field.

## **Network Theory**

Network theory has evolved from a confluence of sources including early Swedish research on the network phenomenon and the work of the IMP (Industrial Marketing and Purchasing) Group. A network is generally defined as a specific type of

relationship linking a defined set of persons, objects or events (Knoke and Kuklinski, 1991). Inevitably different types of relations characterise different networks. The set of persons, objects or events on which a network is defined may be called the 'actors' or 'nodes'. While network theory embraces a rich collective of ideas, three significant concepts in the network literature are relevant to the focus of this paper. These are the issues of power, dependency and relationships.

'Power is the central concept in network analysis' according to Ford (1990), and the most important aspect of power is that it is a function of dependency, e.g. the greater B's dependency on A, the greater A's power in the relationship. Cook and Emerson (1978) argue that power is balanced in relationships between occupants of the same position and unbalanced in relations between occupants of different positions. Dynamic environments, such as the current environment in which sport operates, bring about shifts in the relative position of actors and their power relationships and thus bring about change in networks.

Emerson's early work on dependence (1962, 1972) provided the initial impetus for the subsequent fuller development of this concept and its

incorporation into organisation theory. His central thesis was that the power of one party resides implicitly in the dependence of another party with whom they share a relationship. Thus the parties in a power relationship are tied to one another by the dependence of one on the other, or perhaps by mutual dependence.

The third concept concerns relationships, which are seen as interconnections between different parties or actors in a network. Thus the actors are seen as connected to each other. Those who are not dominant actors will look to improve their positions in the network through co-operation with, even forming coalitions with, other actors. In this way power may be gained in a network situation through the consolidation of resources amongst less powerful actors, thus reducing the power advantage of the dominant actor. Additionally, Cook (1977, p. 75) states that powerful organisations 'are more likely to enter into symbiotic relations with organizations performing dissimilar functions ... in order to protect their autonomy as well as to protect against a loss of power'.

### **The Application of Network Theory to Sport**

The scale of the sports industry can be seen by reference to the US market. The sport industry was worth £93.8 bn in 1995, making it the eleventh largest industry in that market-place (Harverson, 1997), while on a worldwide basis, the sport industry accounts for 2.5 per cent of World Trade.<sup>1</sup> With regard to the Irish situation, a recent government commissioned report *The Sports Strategy*, published in 1997, examined the economic impact of sport and estimated that the aggregate expenditure on sport in the Republic of Ireland was £752 million. These statistics represent the activities of a broad set of actors in the sports network.

This paper is grounded in the belief that the network perspective can bring significant insights to the management of sport today. The phenomena conceptualised in network theory are evident in the sports world. Proponents of network theory

argue that '... a unique network can be identified for every specific problem or issue. In other words there are as many networks as there are situations' (Axelsson, 1992, p. 195), and it is thus valid that network theory be applied to the sports context. Aldrich (1979) cites a number of examples of contexts permitting meaningful network analysis, including the example of the relationships between sports associations, unions, television and radio broadcasting networks and sports institutions. Recent developments in the world of sports management clearly illustrate the applicability of the concepts of power, dependency and relationship outlined earlier.

The power issue as a central element of network theory is clearly illustrated through a recent case instance. In 1997, the Five Nations Rugby Championship faced an uncertain future. When the English Rugby Union tried to sell television rights to the satellite channel, BSkyB, the remaining 'partners', Ireland, France, Scotland and Wales, came together and threatened to force England (the most dominant actor) out of the competition if that country pursued its suggested strategy. The result of this consolidation and use of power was that the English Rugby Union had to cede some ground to the other 'home' nations on the issue of TV rights. However, when this obstacle was overcome, England still managed to take a significant percentage of the revenues because of the power which it held in this network.

Dependency theory can also illuminate the sport-sponsor relationship. Take for example the case of the NGB (National Governing Body) of a minority sport (actor A), interacting with a sponsor (actor B). A is dependent on B for revenue to finance the national championships of that particular sport, through the sale of rights to the sponsor. This may be the most important source of revenue to the sport, as the sport in this case generates insignificant revenue through gate receipts due to limited public interest. This fact in turn ensures that the sport also generates little media interest. Thus B, as sponsor, controls the finances which A as NGB requires.

With regard to relationships, Agostini (1995, p. 60) states that 'sport is a social institution in which a number of actors and groups interact in

1. Report by the British Sports Council (1995) on ITN, 19 August 1996.

**Table 1 The UK Sponsorship Explosion 1970-96**

Year	Value £m
1970	4
1980	35
1990	281
1996	(est.) 491

Source: Buckley (1980), Mintel (1997) and Meenaghan (1998).

its shifting daily constitution'. The development of relationships instils commitment to a network, and this ensures that sports bodies, sponsors and the media are better positioned for strategic development. A number of commercial interests have successfully developed long-term relationships with particular sports, as instanced by Benson and Hedges and snooker, Smurfit and horse racing, Coca-Cola and soccer.

### Relationships in the Sports Network

In observing the sports network it is apparent that there are a number of intersecting relationships. Two such relationships are now discussed, viz. the 'sport-media' nexus and 'sport-sponsor' nexus. The ability of a sport to generate an audience, either proximately or through media, is a critically important backdrop to any discussions on relationships in the sports network.

#### The Sport-Media Nexus

Sport has the capacity to build a media audience while, likewise, media have the capacity to confer status and build an audience for a sport. From the beginning of the mass media age, as more people have come to consume sport indirectly via media, a symbiotic relationship between sport and media developed. With the evolution of print and broadcast media, there has been a large commitment of both air time and newspaper space to sport, not least in Ireland. Indeed, as early as 1926 the All-Ireland Hurling Final between Kilkenny and Galway '... was the first commentary of a field game to be broadcast in this hemisphere' (Gorham, 1967, p. 40).

A number of authors (Blackshaw and Hogg, 1993; Williams, 1990) have illustrated the importance of media to sport. While print and radio have a very important part in developing this relationship, the dominant medium today is undoubtedly television. It, more than any other medium, has globalised sport.

Media are important to sport, but the inverse relationship, i.e. that of sport to media, is equally important. Sport has been used very successfully as a marketing tool by the satellite channels to penetrate markets, build audiences and sell satellite dishes. Sport represents a proven audience generator for all media today. The combination of popularity and immediacy (McRae, 1996) has cre-

ated a symbiotic relationship between sport and media in which each is in fruitful and dynamic interaction with the other.

#### The Sport-Sponsor Nexus

Because of phenomenal media interest in sport as programme material capable of attracting audiences, the corporate marketer has become a notable partner in the commercialisation of sport through advertising support and sponsorship. Just as there is a symbiotic relationship between media and sport, current trends in business have ensured the development of a parallel symbiotic relationship, that of the sports organisation and sponsor. This relationship enables the sports organisation to generate revenue as well as to increase exposure for the sport itself. Simultaneously it provides companies seeking to market their products and services with a conduit to reach their targeted audience.

Many companies in Ireland can testify to the success of sport as a marketing tool. Examples include Opel, Irish Permanent, Bank of Ireland and Guinness. This growing success of sponsorship as a marketing medium is reflected in the volume of corporate investment as shown by recent statistics from the UK market. It can be seen from Table 1 that in 1970 the UK sponsorship market was worth £4 million but has grown to a 1996 value of £491 million.

In America, companies currently spend \$6.6 billion annually on sponsorship (SRI, 1997) and this is dramatically increasing, with a spend figure of \$13.8 billion being predicted for the end of the century (Turner et al., 1995). In the Irish context, the sponsorship market may have amounted to some £25-£30m in 1997.

#### Commercialisation of Sport

The twin influences of commercial sponsor and media have forced sports bodies to become more market and commercially oriented. Undoubtedly, sports organisations do need to access revenue from a variety of commercial sources. Indeed, the

expectation is that sports will have to professionalise their marketing operations to a degree hitherto not seen. Waser (1996, p. 378) summarises the position facing sports owners in the 1990s:

Associations or professional athletic unions have to commit themselves to spectator events, sponsors, directors of television channels, to compete for the promotion of events in exchange for resources ... their position is contradictory: they have to play to win the matches, to gain points for international ranking while ensuring a spectacle which attracts the interest of the greatest numbers.

To achieve long-term success, sports bodies have to create a balance between their various constituencies. This will involve trying to meet and balance the respective needs of sponsors and media while at the same time attracting spectators, in order to draw in the substantial revenue now needed to finance a sport. If this does not happen, conflict can result. United Distillers is understood to have terminated its sponsorship of the Scottish Open Golf Tournament because of the acquisition of television rights by BSkyB – which resulted in lower levels of TV audience as compared to the BBC which had previously been showing the event live.

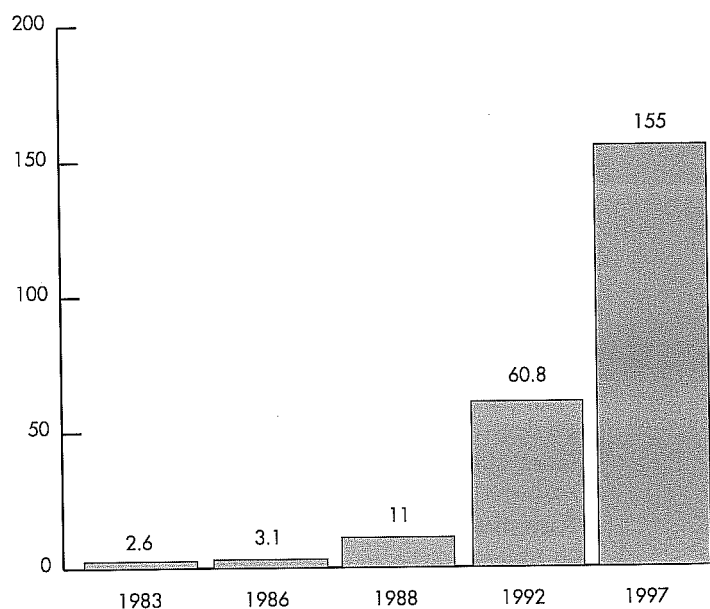
### The Drivers of Change in the Sports Network

The foregoing discussion has shown that the media and sponsors have both separately and collectively the potential to influence developments within the sports network. A number of specific drivers of change can be identified quite clearly within these two broad sources of influence – media drivers and sponsorship drivers.

#### Media Drivers

Sport had always been an audience 'puller' and therefore media have always shown a strong interest in sport as programming content. As technology and deregulation in competition law enabled more media conglomerates to enter the broadcasting market, the inevitable consequence has been greater competition between media owners for a relatively limited number of sporting events. This has affected the pricing of events, causing inflation in the market. Within media, the drivers that merit specific consideration are the advent of cable and satellite channels, pay-per-view services and digital technology.

**Figure 1** Rising Cost of TV Rights to the FA Premiership – Payment per Season (£m)



Source: Compiled by the authors

### Cable and Satellite

There are a number of reasons why broadcasters, particularly satellite broadcasters, are willing to bid sports rights to enormous levels. First, sport has been proved to be the strongest force in building pay TV subscriptions of all sorts, more so even than films. Sport also draws in the 'elusive up-market' male viewer to pay television and indeed to free terrestrial television.

The growing dominance of satellite has had a profound impact on the total sport market. Hatfield (1996, p. 18) commented that 'the injection of cash by Sky has shaken the arrogant authorities running sport out of their Stone Age attitudes'. The spread of pay television has led to hyper-inflation in the sports rights business. For instance, in 1947, the BBC paid the equivalent of £27,000 for the rights to screen the Olympics to the British audience. In 1996 TV rights raised £900m from broadcasters worldwide for the International Olympic Committee. For the Sydney Games, this is expected to jump to £1.5 billion. American broadcast rights for the Olympic Games have been bought up to 2008 for \$3.6bn by NBC.

This increase in the price of sports rights has been evident in a domestic as well as an international context. Domestic league competitions in individual countries have seen the cost of sports rights soar. The cost of rights to Premiership soccer in England is presented in Figure 1. These have

increased year on year, and the onset of pay-per-view will continue this trend.

### **Pay-Per-View**

Pay-per-view (PPV) is defined as a service where the consumer elects to view a special event e.g. boxing match or football game, for a specific charge. PPV's potential for raising revenues for sports organisations is staggering. Griffiths (1997) estimates that a global TV service on a digitised PPV basis would generate about \$1bn annually in five years for Formula One motor racing. According to Carey (1996, p. 32), PPV is 'certain to form the backbone of the broadcasters' future plans'.

### **Digital Technology**

Digital Technology is revolutionising the world of television. The number of available channels is increased dramatically through digitisation, because with signal compression, better use is made of the available frequencies than the traditional analogue system can provide. Sport offers an answer to one of the major problems facing TV companies in the future: how can viewers be persuaded to part with a hefty price for a new digital set and a subscription to an untried service? The answer is to create an exclusive chance to watch a desirable event or, alternatively, to use the hundreds of channels that digital television provides to offer greater variety of sports coverage than analogue television can offer. Barnard (1996) predicts that sport will be used to sell digital television equipment, just as in the past boxing was used to sell radio receivers and baseball to sell television sets in the US market.

Significant effects of digital television are that it will result in a greater demand for the major sports brands (such as the FA Cup), while also providing an opportunity for minority sports to get more coverage. How the minority sports will fare in terms of attracting audiences remains questionable, however.

### **Legislation**

Inevitably, governments as regulators of society have seen fit to put systems in place to ensure that sport is available to as wide an audience as possible. This is justified on the basis that sport is important for the general social good, a perspective grounded in the notion of the rights of the

individual and society at large to have access to certain events. Legislation has consequently been drafted to ensure top sporting events remain accessible to as large an audience as possible. The arrival of satellite television as a competitor for media rights has led to a 'war' between television media conglomerates bidding for sports events. Satellite's dominance has threatened the availability of sport on many conventional terrestrial stations, largely because the latter are unable to meet the increasingly inflated price demanded for sports rights.

Ingham (1992, p. 37) quotes Seb Coe on the issue of availability of sport. He said:

I think it is wrong that only 2 million dish owners (in the UK) get access to major sporting events. It is bad for sport, bad for participation – and that means bad for everyone.

Inevitably, sports bodies have to be aware of the dangers of forming alliances with satellite TV stations. If sports rights are sold to satellite channels, sport will inevitably reach smaller audiences, and this 'could be the undoing of sport' (Simpson, 1996, p. 33). It is likely that government ministers are bearing this in mind in the current environment, with the issue of sports rights being brought to the European Parliament for debate. In an Irish context, the minister for sport established a government committee in 1997 to investigate the issue of PPV sport on TV.

### **Sponsorship as a Driver**

Sponsors have begun to influence the internal balance in the sports network just as media have done. This influence arises from the spectacular growth in corporate sponsorship as well as the emergence of the phenomenon of ambush marketing.

### **The Growth of Sponsorship**

The growth in sports sponsorship has resulted from a variety of factors. Meenaghan (1991) identifies the rising cost of media advertising and increasing public indifference to conventional forms of communication as reasons for sponsorship growth. Sport's uniqueness as a marketing tool has led to a significant demand for major events, which in turn has led to inflated sponsorship prices for events in the sports market. It has

also pushed minority sports and their key events towards a commercial orientation. Companies, unable to purchase rights to top events, seek entry to sponsorship as a communication option at lower cost levels via investment in minority sports.

Growth in sponsorship investment has ensured that the relationship between sport and sponsor has become more complex. What initially started as mere sponsor branding of the event has now reached the stage where every possible angle for exploitation must be included in the sponsor's strategy. In certain cases, the sponsor is actually seen to be responsible for marketing the sport. In the case of basketball and Nike in the US, this has led Williams (1994, p. 393) to ask 'does the clothing promote Jordan or does Jordan promote the clothing?'. This phenomenal growth in commercialism has meant that there is no longer as clear a distinction between the activities of individual members in the sports network.

### The Ambushing Issue

A growing and now almost pervasive phenomenon, ambush marketing, is becoming a threat to the very involvement of sponsors and is influencing their relationship with sport (Meenaghan, 1996). This influence is being exerted from outside the network. Ambushing occurs where a company seeks to associate itself with an event to increase its own profile and gain recognition. This is done without payment of fees for rights to the sports body and results in the ambusher getting benefits similar to official sponsors at little or no cost. Abel and Long (1996) reported on ambush marketers during Euro '96 and showed that Nike spent some £2m on a poster and TV advertising campaign that benefited from extensive news coverage. (Nike built the campaigns around Eric Cantona, who wasn't in fact selected to play for France in the competition.) The result of this campaign was that nearly one quarter of UK adults believed that Nike was an official sponsor of the tournament when in fact it was an ambusher. Indeed, in audience awareness research studies, Nike achieved higher awareness than five of the official tournament sponsors.

### Consequences of Media and Sponsorship as Drivers

Media, especially television, and corporate sponsors have both exerted a profound influence on

sport. They have brought advantages to sport such as increasing the level of spectatorship, bringing about a higher profile for the individual sport as well as for sport in general and have helped improve the image and grow the revenues of sports and sports bodies. Suggested negative consequences include the erosion of the amateur ethos in a number of sports. The function of the research study was not to look at these consequences *per se*, but rather to examine the shifting balance of power in the sports network and what that might mean for future networks in sport.

### Research Study

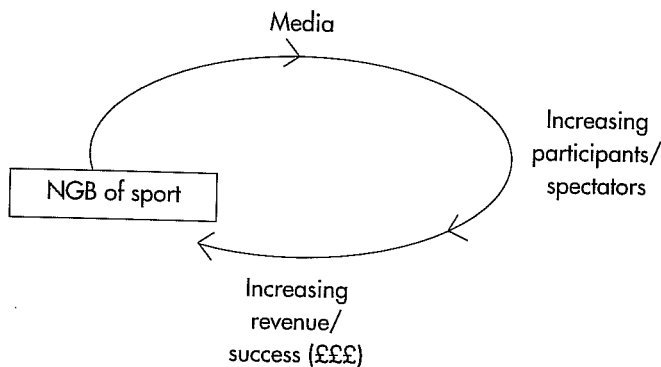
In order to examine the phenomenon of sport in a network context and the shifting balance of power within such networks, a primary research study was undertaken. The objective of this study was to explore how the balance of power has changed and may change in the future between media owner, sponsor and sport, and from this, to locate sport in a network context. This research study was multi-staged. In the initial stage, exploratory research was carried out with key respondents within identifiable sectors in the sports network, (i.e. drawn from sport, media and the corporate sponsorship sector in Ireland).

As a result of information gleaned in stage one, discussion guides were constructed as research instruments to aid the gathering of further data. A sorting technique developed five major themes: *historical development; commercialisation in sport; media-sport-sponsor relationships; changing balance of power; and future directions*. These were employed to structure the interactions with the individual respondents.

The second stage of the research involved the use of in-depth interviewing with respondents drawn from four pools or sub-samples. These pools were: a. National Governing Bodies of Sport (NGBs), b. sponsors (of sport in Ireland), c. media (those broadcasting in or into the Irish market, including BBC, ITV, and RTE) and d. 'experts' (those on the periphery of the sports network who have an expert knowledge of the area, including sports consultants, government regulators and journalists).

A total of 70 potential respondents were targeted and a response rate of over 70 per cent meant that 50 in-depth interviews were carried out. Across

**Figure 2 The Cycle of Success for NGBs**



some minority NGBs are beginning to recognise that they can use the media to increase the popularity of their sports, by increasing the participant and spectator base. This has a knock-on effect in terms of getting increased broadcast media coverage and thus increased commercial revenue through sponsorship as well as further increases in participant and spectator numbers. This is illustrated in terms of a cycle of success for NGBs in Figure 2.

the four pools actual interviews were achieved as follows: 15 NGBs, 15 sponsors, ten experts and ten from the media sample.

### Research Findings

While the overall research addressed the five major themes listed earlier, this paper focuses on key findings regarding the balance of power issue. In particular, perceptions of change in the network and the perceived drivers of such change are considered; relationships in the sports network are then examined; and finally the findings are used to propose a model of the sports network.

### Drivers in the Network – Perceived Changes

In commenting on change in the network a number of respondents perceived change in emphasis over time in the varying importance accorded to different interests, e.g. from the initial primary focus on spectator needs to the later shift of that focus toward the needs of media and finally, and more recently, an evident subservience to the requirement of sponsors. The legislative framework is now emerging as more complex and more pervasive than heretofore, adding a further dimension to the demanding environment within which sport functions.

### The Cycle of Success

Respondents from all 'pools' broadly felt that the sources of revenue for NGBs are changing, and as a result, transactions with commercial actors are becoming more important and in some cases essential. Typical of the more positive interpretation of this change would be one particular NGB describing this as a form of 'partnership'. This partnership is seen as containing four entities, viz. the media, the event, the sponsor and the association – all of which are vital to the mix. Thus,

### Media Revenue as a Driver

The 'expert' respondent group, in particular, recognised that in the future sport will certainly have to source more revenue from business, but will have to avoid becoming over-dependent on the paymaster. The argument does stand nevertheless (as the media respondent sample stated) that if a media channel is prepared to buy the rights to an event for millions of pounds, it (as owner of these rights) must have some say, perhaps in terms of when the event is scheduled and how it might be made more exciting. Therefore, NGBs will have to be capable of discriminating between situations where media revenue inputs are helping to make the sport a success and where such inputs give rise to demands which lead to situations where the integrity of the sport is capable of being compromised.

### Satellite Television as a Driver

Respondent groups diverged markedly in their opinions on this issue. Most sponsors and terrestrial television stations are in favour of legislation to prevent certain sporting events being sold to satellite broadcasters. NGBs with a particularly valuable property tend to regard this as discriminatory, recognising that prohibition will mean lower levels of potential income. The 'expert' group also felt that legislation preventing satellite access was a restraint on trade. 'Market forces should be allowed prevail' was, perhaps surprisingly, the dominant 'expert' view and members of this group saw no reason why Sky should not reap the benefits from a market that the satellite station was perceived to have itself created.

The constitutionality of implementing such regulation was regarded as questionable by most respondents and a significant number of respondents across all groups felt that such proposals might be contrary to the Treaty of Rome.



Table 2

## Views on Power from the Respondents

NGBs	Media
<p>There is ample evidence of sports that have lost control ... schedules when games are being played are being changed every day by the media.</p> <p>I see NGBs losing control as money is now the dictator.</p> <p>Satellite has come in and dominated things already.</p>	<p>Sky could blast us out of the water tomorrow.</p> <p>NGBs have started to lose control already.</p> <p>The media is moving in to control sport.</p>
Sponsors	Experts
<p>It is going to be very difficult to stop Rupert Murdoch.</p> <p>If Sky said we want you to change season, take a winter break and start the season earlier (the NGBs) would do it if the alternative was no money.</p>	<p>The truth is that sport is losing control to the media.</p> <p>NGBs are taking the money now, and when Rupert has them all tied in and starts cutting the money, what do they do then?</p>

However, in all probability, such legislation will be implemented and individual governments across Europe will decide which events they want to protect.<sup>2</sup> Preventing NGBs from entering into a partnership with satellite channels may arguably be necessary in order to ensure that sport as currently constituted would not be destroyed. As one NGB respondent stated –

... there is an ethical and a social element ... sport is for everyone and doesn't really belong to the NGBs ... they are only the custodians of it and they should not be allowed to sell the rights to satellite.

Legislation of the sort proposed may thus maintain the national interest in a sporting event by requiring that the event be accessible on a terrestrial basis (and therefore to as wide an audience as possible). This will protect access to long-standing emblematic events in the popular culture.

### Relationships within the Sports Network

All respondents agreed regarding the accelerating pace and scale of change in the sports network, and they further agreed that this was driven by, and in turn drove, change in individual relationships

in the network. Thus NGBs have had to change their approach through adopting a greater level of professionalism in order to mirror the increasing investment which sponsors are required to make. This adaptation relates not only to their behaviour in the initial negotiation of rights, but also in their willingness to be a partner in leveraging the sponsorship. The relationship between NGB and sponsor has assumed a centrality, with many NGBs looking to develop long-term relationships with sponsors. This of course is made easier for the NGB if it has an existing relationship with a media channel. In fact the anticipation of such professional behaviour and performance on the part of an NGB has in itself become an important corporate criterion for choosing particular sports as a sponsorship vehicle.

It is broadly agreed by respondents that exchange relationships between actors in the sports network are now more professional than heretofore. Consultants have emerged as key links in the chain, with their role defined as that of supporting other actors in the network. This professionalism changes the texture of relationships in the network, where a reciprocal expectation now exists that actors will behave in a professional and commercially-focused manner.

### Power in the Network

Power is now more overtly acknowledged as an issue by all respondents (see Table 2), and actors

2. Events are likely to be the competitive internationals of the top sports, and anything that culturally and historically is significant to the people of the country.

**Figure 3** Influence of Power Gradients

Satellite	+24
Terrestrial	+4
Sponsor	+3
Large NGBs	-1
Minority NGBs	-20

(N = 50)

This scoring system is based on each respondent giving +1 for a perceived increase in power, -1 for a decrease and 0 for no change in power. Each respondent gave a score for each of the five groups – large and small NGBs, satellite and terrestrial and the sponsor.

are prepared to use their power to improve their individual positions. As one 'expert' respondent commented '... if you have a good product, you should be able to negotiate ... you should be able to manipulate the power you hold over others'. One manifestation of enhanced power can be seen in the changes in the network because of the increase in the influence of satellite media as they inflate the pricing of sport in the market. Further commercialisation is thus driven by the very fact of the volume of money in the network.

It may be inevitable in this situation that NGBs do have to cede control to the commercial interests, up to a point, in order to fund development of their sports. To view this phenomenon positively they will have to look on it as a symbiotic relationship, and anticipate that there will be win-win outcomes to the relationship.

#### Direction of Power

Respondents were asked to comment on the issue of the direction of power in the sports network. Having analysed the large range of directions indicated by respondents, it can be concluded that a significant degree of continuous reconfiguration in the network can be perceived as an ongoing feature. Analysis of this data provides a visual mapping of the distribution and direction of power in the network and this is illustrated diagrammatically in Figure 3.

The overall situation depicted in Figure 3 does not favour the NGB, especially with the media influence increasing so dramatically. However, it

must be remembered that ultimately (as several NGB respondents pointed out), it is the NGBs which own the rights to the sport, and this gives them the ultimate power and, perhaps, the ultimate right, to control its destiny. The increasing influence of the commercial interests (i.e. the media and sponsor) cannot be ignored because these, in the final analysis, alter the directions of power gradients which in turn alter the influence each actor has in the sports network. Thus the ultimate power of the NGB is perhaps increasingly constrained by the growing influence of commercial interests.

All four sets of respondents felt that the small NGB was losing power. The 'sponsor' respondent group and the 'expert' respondent group both perceived that commercial interests were beginning to exercise some control over NGBs. The 'media' respondent group recognised the importance of the growth of satellite TV and the threat that this might hold, but saw large NGBs maintaining their current position given their inherent power reservoir.

Figure 3 highlights the nature of the changes facing each of the members of the network. It may be useful to examine Figure 3 in the light of Butler's (1996, p. 26) comments:

The governing bodies of sport have been left behind – not the big wigs of the Olympics or world athletics, for they attracted pacesetters in the snout-in-trough race a long time ago. But the national organisations, run with the blazered naiveté of Old England, are being crushed.

#### NGB Denial

A consistent pattern emerged in the responses of the NGB respondent group when asked to comment specifically on the changing balance of power issue. A single dominant theme became evident across the responses of a number of NGBs. Respondents stated that they went to 'every effort' to accommodate the media and make changes for them. Yet, at the same time, these respondents disagreed with the proposition that 'the media are taking control' or had a greater power hold on them. Upon further probing by the researcher, it was concluded that certain NGBs, especially minority NGBs, were unwilling to admit they were losers in the power relationships in the network. It is evident that media are assuming pole

position in the marketing of sport, and small organisations will 'bend backwards', as one respondent stated, in order to build a partnership with the media.

### Modelling the Sports Network

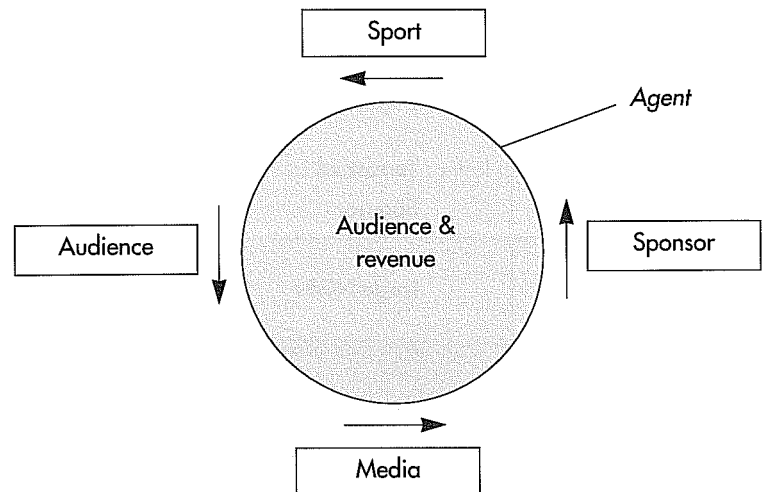
The network might be viewed as a set of interactions which focus on exchange between the actors. Figure 4 is an attempt to illustrate the network prior to the development and influence of satellite television. It articulates a very simple set of relationships where all the actions of all of the actors revolve around two available and central values, i.e. those of audience and money, with the intermediary or professional agent just beginning to have a role in shaping relationships. The set of transactions taking place in the network of sport is mapped in Figure 5.

Terrestrial television stations clearly differ from satellite in terms of their greater level of penetration and their ability to reach larger audiences. From the perspective of the minority NGB, the available transaction is fairly straightforward. The NGB is given near blanket coverage from a terrestrial station, coverage which is limited in extent only by the sport's capacity to appeal to an audience. This coverage is delivered in return for rights to show an event for free without a fee being demanded from the broadcaster. In certain cases, the NGB will actually assist the broadcaster with the coverage by providing either physical resources or even financial assistance on occasion.

However, the money offered by the satellite stations for the purpose of building an audience franchise may be regarded as quite exceptional and the advent of satellite brought major changes to the original, relatively simple, set of relationships. In the case of the sponsor, for instance, reduced penetration in the market is the outcome when the event it sponsors becomes exclusive to satellite.

To be successful in the network, therefore, actors have to be flexible and adaptable to change. Ultimately, their options revolve, to a large extent, around the disposition of the audience. It might well be argued that the whole network is audience driven and this finds ultimate expression through the issue of money. On the one hand, the flows of money available to the NGB determine the choices as between terrestrial and satel-

**Figure 4 Pre-Satellite Television Entry**



lite television carriers. On the other hand, money flowing back to the sport may be regarded as a key consequence of accessing an audience or conducting a transaction (with either a sponsor or a medium) in relation to that audience.

### The Sports Network for 2000 and Beyond

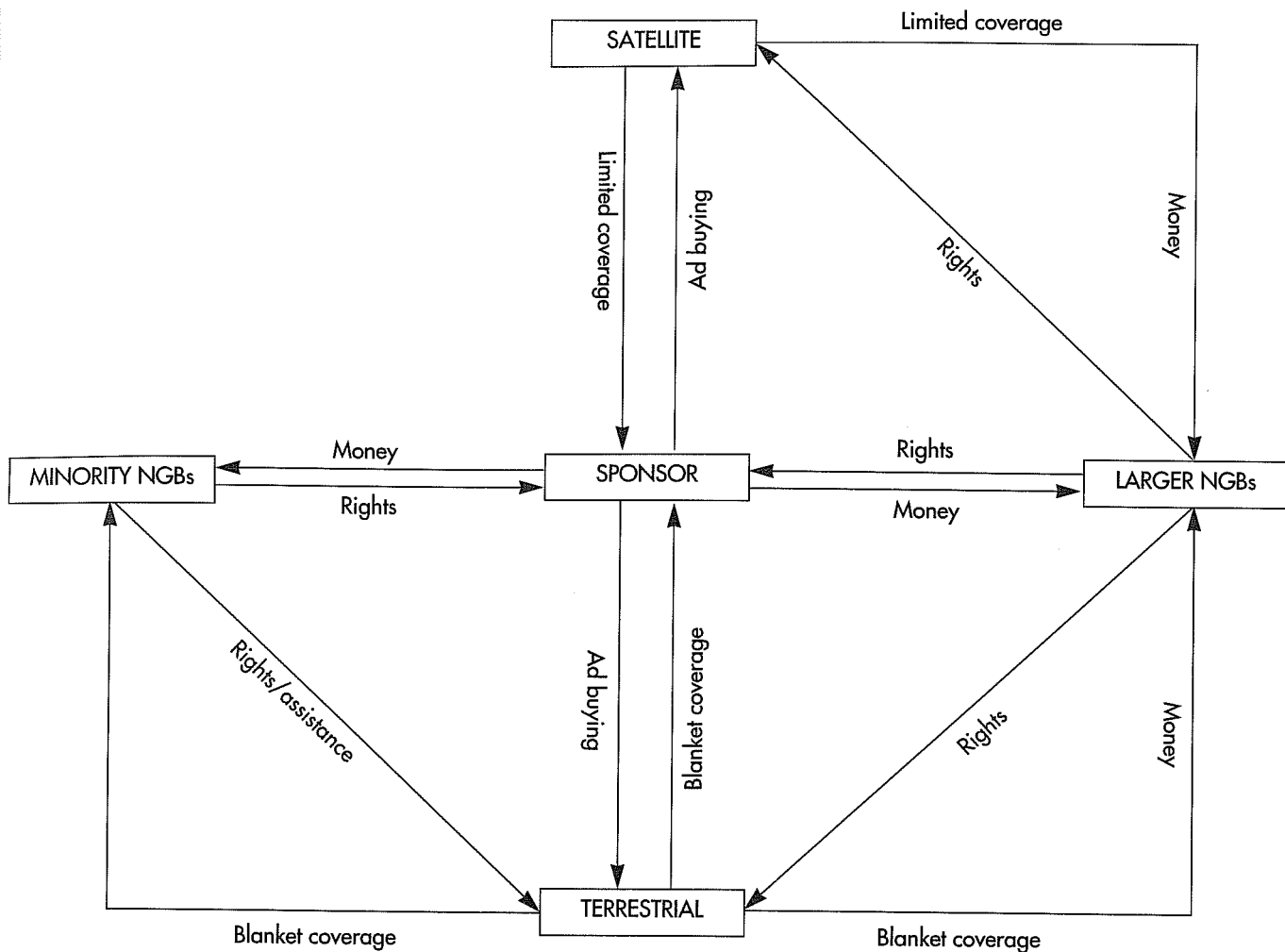
The sports network is essentially dynamic in character. Further new relationships are emerging, and there is an evident increase in the importance of the issue of trust between the actors. This is a feature of the responses in the present study as well as being a prominent issue in the current literature.

The maintenance of trust may in itself influence the pattern of relationships given the increase in importance ascribed to the issue of trust by various actors. Morgan and Hunt's (1994) commitment-trust theory provides valuable perspective on the developments. Actors can be seen to concentrate on preserving relationship investments by co-operating with exchange partners and some can be seen to be actively resisting apparently attractive short-term options in favour of the anticipated long-term benefits of staying with existing partners. This may provide at least a partial explanation for the behaviour of several large NGBs which are clearly continuing in partnership with terrestrial stations despite lucrative monetary offers by satellite rivals.

Other perspectives in the current literature can also help to illuminate the nature of change and to highlight characteristics which make for successful behaviour. Piercy and Cravens (1995) argue that a key characteristic of successful network participation is flexibility and adaptability to change. It may be important for individual actors to acknowledge the importance of these traits in achieving success-

Figure 5

## Transactional Sports Network



ful behaviours as network members, and to take these principles on board in the light of accelerating technological change. Furthermore, there is evidence that successful networks are indeed customer driven, and sports bodies must ultimately provide satisfaction for their various audiences.

### Mapping the Network

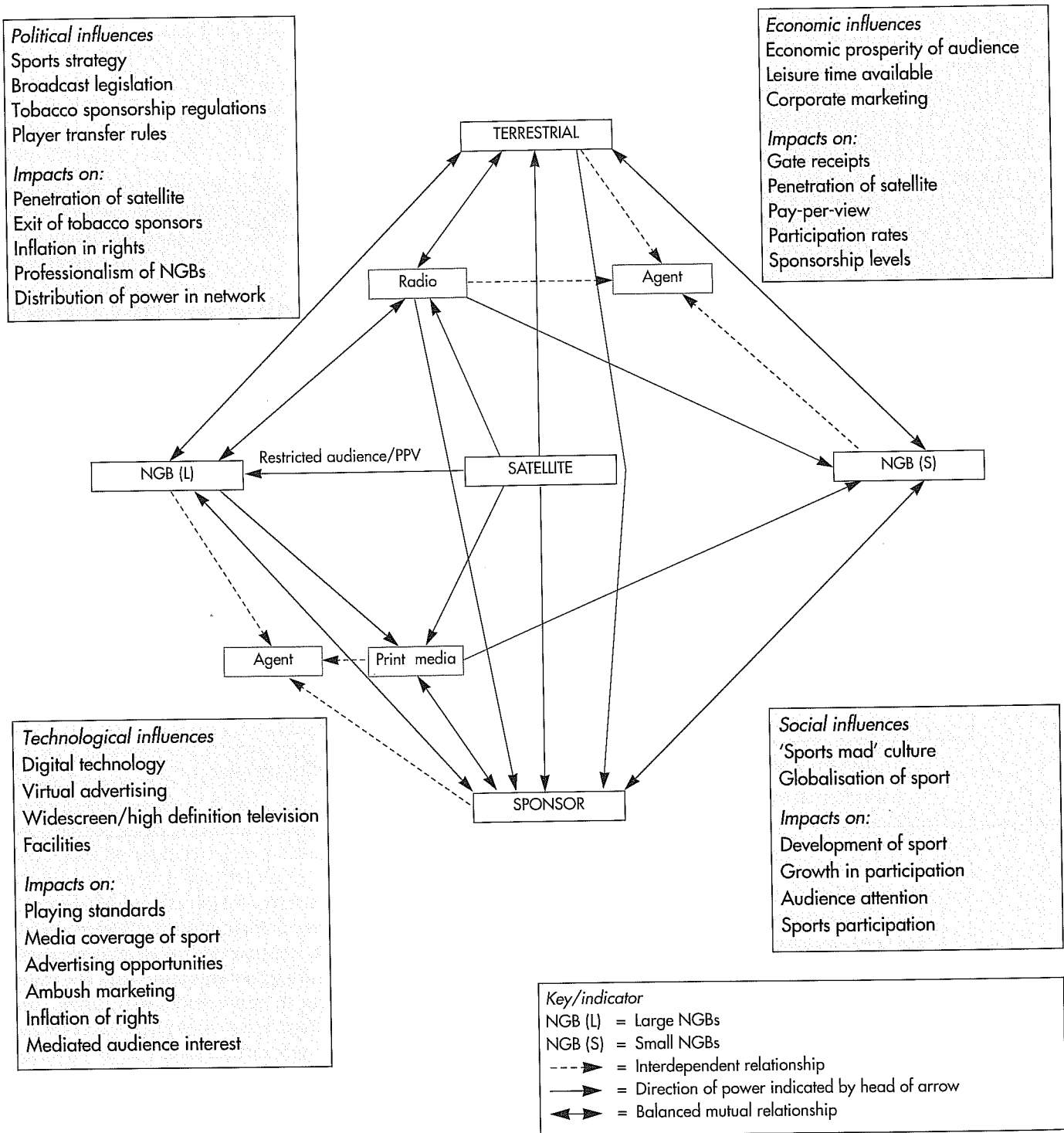
A network of sport is proposed in Figure 6 as an outcome of the research with the respondent groups. It is notable that the position of minority NGBs is significantly different to that of large NGBs, the difference lying principally in the fact that large NGBs are actively courted by the media. They, for their part, can also approach a sponsor either directly or through an agent whose participation may be valuable in making detailed arrangements with the media owner.

Regarding their achievements in the area of power relationships, it might be concluded that satellite television companies are pursuing organisational objectives with great effectiveness through their

network relationships. Seashore and Yuchtman's (1967) definition of organisational effectiveness, the ability of an organisation to exploit its environment in obtaining resources, while at the same time maintaining an autonomous bargaining position, appropriately describes Sky's position in the network. The question remains as to whether satellite television is capable of applying coercive power towards even the large NGBs by introducing an element of fear into the exchange, through the threat of reducing or withdrawing monies.

Terrestrial television, in effect, offers fuller market penetration to all NGBs. However, while it tends to have an interdependent relationship with the larger NGBs it is often able to dictate to the smaller sports if and when it consents to broadcast their events at all. It could be argued that terrestrial television stations operate on a system of referent power, as they, within the territory, have a notional 100 per cent market penetration which is desired by NGBs and which in turn can be used by the NGBs to bring in lucrative sponsorship.

**Figure 6 The Sports Network - Beyond the Triadic Level - The Direction of Power**



In the case of print media, the larger NGB tends to hold the power in the relationship as it does in its relationship with most sponsors. NGBs of all sizes seem to maintain a more balanced relationship with radio as a medium, perhaps because of the smaller stakes and the less acute issues involved.

clearly illustrated that satellite is maintaining its position of power within the network because of the volume of revenues it is responsible for distributing throughout the network and which it directs to the large NGBs in particular. This is the case despite the limited market penetration it can offer compared to the terrestrial broadcaster. This situation provides a competitive advantage and a

In summary, the transaction sports network

strategic option to the terrestrials which might be better exploited so that they can achieve at least a maintenance of their current strength.

Sponsors tend to be in control of relationships with small NGBs while working on a more mutually satisfactory basis with the larger NGBs. Agents work interdependently, though it could be argued that they are ultimately dictated to by the media. Their position in the network is secured through the expert power they hold and it is clear that their expertise in the market is being called on increasingly. The sports network described, and indeed all relationships between the different network actors, occur within a larger contextual framework consisting of various political, economic, technological and social influences as indicated in Figure 6.

### Recommendations

In terms of overall strategy for the successful functioning of the network, it is recommended that network relationships will have to move from a transaction base to a partnership base. Where a network is transactional in nature, its value is defined by market dominance.

In the case of sport, there is a need for actors to move to a relationship view of the network. Otherwise, all three partners end up in an exhausted stalemate, with sponsors paying too much, the

media giving too much and the NGBs losing too much. The partnership network perspective offers a way for actors to move forward. To bring about this partnership mode in the network, the actors must be prepared to embrace and develop commitment-trust relationships. These have to be implemented by the actors to engender co-operation, and reduce levels of conflict. As the volumes of money in the network grow, the potential for conflict will increase, and to prevent this, commitment and trust are the necessary processes which must be adopted in order to take the network, and sport in general, into the new millennium.

### Future Research

Further areas for research require urgent attention. This study has established the value of the network perspective and articulated many of the issues from a qualitative point of view. Through the use of questionnaire-based research, a larger sample of respondents could be surveyed and more detailed results may materialise. Such a study could further be used to carry out a gap analysis relative to the three main actors (the media, the sponsor and the NGB), establishing what they demand from each other, now and in the future. In general, there is a dearth of research in the sports literature relating not only to network theory but also to a number of key emerging issues such as consumer attitudes to PPV; ambush marketing; and the forecasted impact of digital technology.

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