



# **The Significance of Sponsorship as a Marketing Tool in Sport Events**

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<p><b>Abstract:</b></p> <p>Sports sponsorship is a marketing tool that is frequently used by companies to reach a wide audience on a global basis so as to be placed higher than their competitors and to create awareness as well as make a higher profit margin. Through this platform, specific target audience alongside potential customers are reached as it able to penetrate through quite effectively in the promotional mix and as such, is a significant method being used by many organisations.</p> <p>The aim of this thesis was to gain a deeper understanding of how companies use sponsorship in sport events as a strategic tool in their marketing program. In order to achieve this purpose, the thesis describes and explains companies objectives with sport sponsorship, the threats being encountered by its usage and the reasons why companies decide to sponsor.</p> <p>The theory of the thesis was collected from various sponsorship literatures that included both books and article journals. Additional information was obtained from marketing and branding literature.</p> <p>The empirical study was conducted by interviews. A company's personnel, the city of Helsinki event office. Interview questions were based on the theory used in the project and the interviews provided information on the reasons why companies decide to go into sponsorship agreement with a sport event.</p> <p>The findings showed that companies are not too keen on taking risks unnecessarily and are willing to sponsor various target segments because of the good image and a wider audience range.</p> <p>The conclusions were based on the answers given during the interviews and the companies prefer to go into sponsorship that can convey their brand image effectively.</p>	
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## ABBREVIATIONS AND EXPLANATIONS

In order for the reader to have an easy understanding of the thesis, commonly used abbreviations for some organisations and sport terms are listed below:

- B2B is the abbreviation for *Business to Business*
- ESA is the abbreviation for *European Sponsorship Association; it represents those involved in sponsorship across Europe.*
- FIFA is the abbreviation for *The International Federation of Association Football; the international governing body of association football, futsal and beach soccer.*
- ICC is the abbreviation for *International Chamber of Commerce; the largest, most representative business organization in the world.*
- IOC is the abbreviation for *International Olympic Committee; they organize the modern Olympics held in summer and winter every four years.*
- IEG is the abbreviation for *International Event Group; it is the leading provider of consulting, valuation, measurement, research and training to the global sponsorship industry.*
- NASCAR is the abbreviation for *National Association for Stock Car Auto Racing; a business venture that sanctions and governs multiple auto racing sports events.*
- PGA Tour is the abbreviation for *Professional Golfers' Association; the organisation that operates the main professional men's golf tours in the United States and North America, including most of the events on the tournament also known as the PGA Tour.*
- Pro-am is the abbreviation for *Professionals and Amateurs in sports.*

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# 1 INTRODUCTION

For many years sponsorship and sports marketing have been in existence and has now been greatly improved upon. Hardly can organizers of major events expect to receive some funds without expecting to give something back in return. A couple of years ago, sponsorship could be regarded as more charitable or philanthropic, but in recent years, that has changed significantly as we will see in the coming chapters.

Hardy, Mullin and Sutton (2007, p. 315) defines the term sponsorship as ‘the acquisition of rights to affiliate or directly associate with a product or event for the purpose of deriving benefits related to that affiliation or association. The sponsor then uses this relationship to achieve its promotional objectives or to facilitate and support its broader marketing objectives’.

Skinner and Rukavina (2002, p. xx) points out that the Olympics held in Los Angeles was a rapid market expansion for sponsorship deals. The event’s organizers were able to raise over \$400 million worth of sponsorship deal which opened the doors for other Olympics as well as other big events such as the FIFA World Cup.

In recent times, many new opportunities have opened up for companies to compete with one another in creating sponsorship deals that is both favourable to them as well as the sporting entities they get involved with.

## 1.1 Background

Many companies nowadays are fully aware of the fact that they need their customers to stay in business and many of them know the high significance which marketing plays in making them compete successfully amongst their competitors. Companies need to satisfy their customers by creatively managing their marketing mix in order to have a competitive advantage over others (Jobber 2007, pp. 793-794).

Promotion is the way for the company to communicate with their target audiences through mass communication (Jobber 2007, p. 21). Promotion, however, includes much more than the traditional forms of advertising. It involves all forms of communication to consumers. For many organizations, sports are quickly becoming a rather effective and



efficient way to communicate with both current and potential target markets (Shank 2009, p. 263).

## **1.2 Research Aim**

The aim of this thesis is to gain a deeper understanding of how companies use sport sponsorship as a marketing tool in reaching out to their target audience. In order to serve this purpose, the following research questions are addressed:

**Research Question 1:** What are the reasons behind a decision to sponsor a sport event?

**Research Question 2:** What does the company hope to achieve with sport sponsorship?

## **1.3 Methods and Used Theories**

The thesis was done using the qualitative research method and the primary data was obtained through semi-structured interview questions (via email) that were directed to the marketing staffs in Sonera, Metso and Helsinki city event office because of their involvement in the Summer 2010 Helsinki cup tournament.

The theories used on this project were various combinations of secondary data from different sources which are written by renowned authors in the field of marketing. The purpose of the initial chapter will be the introduction of sponsorship as well as going through the sponsorship objectives and the effectiveness of sponsorship in sport.

The research is based more on qualitative research which involved collection of information from various authors in the field of marketing, sponsorship, branding as well as articles from marketing journals and other online sources.

## **1.4 Limitations**

Due to the high level of available information about the subject matter, the author had to put a limitation on the theory part. Also, because most companies that were approached

for the interview declined to respond and as such, there was little comparison to be made in regards to the companies sponsorship objectives. Thereby, focus was given to brand building via the means of a sponsorship deal.

## **2 SPONSORSHIP**

Renowned authors in the field of marketing and sports have all given different notions to the definition of sponsorship. ESA defines sponsorship using the ICC Code of Sponsorship definition as “any commercial agreement by which a sponsor, for the mutual benefit of the sponsor and sponsored party, contractually provides financing or other support in order to establish an association between the sponsor’s image, brands or products and a sponsorship property in return for rights to promote this association and/or for the granting of certain agreed direct or indirect benefits” ([http://ec.europa.eu/internal\\_market/services/docs/sport/conference20100216/7-contribution\\_of\\_sponsors\\_and\\_trends\\_in\\_sponsorship\\_en.pdf](http://ec.europa.eu/internal_market/services/docs/sport/conference20100216/7-contribution_of_sponsors_and_trends_in_sponsorship_en.pdf) accessed November 1, 2010).

Lagae defines sponsorship as “a business agreement between two parties. The sponsor provides money, goods, services or know-how. In exchange, the sponsored party (individual, event or organisation) offers rights and associations that the sponsor utilizes commercially” (Lagae 2005, p. 35).

Shank regards it as “investing in a sports entity (athlete, league, team or event) to support the overall organisational objectives, marketing and promotional strategies” (Shank 2009, p. 324).

Despite the fact that different authors gave different definitions, majority of them have some similarities and majority of them lay emphasis on the relationship advantage between an organisation and the sponsored object that sponsorship offers.

### **2.1 Objectives for Sport Sponsorship**

Due to the fact that the field of sport sponsorship does not yet have a precise and exact conclusion, many authors and researches carried out are yet to give a clear concept on the whole objectives of sponsorship in sporting events.

A company’s sponsorship success of an event is defined by its objectives and how well the end result can be evaluated and beneficial to the organization. According to

Wladimir Andreff and Stefan Szymanski (2006), there are two types of objectives which can be classified as direct and indirect objectives. In the direct objective 'the sponsor expects a rapid change in behaviour of its existing and potential customers'. While in the indirect objective the authors maintain that it is 'primarily for increased visibility to both brands and products, contact with a particular segment of its client base and an enhancement of its image; alongside growth in sales are only a long-term goal'.

The objectives of companies involvement in sport sponsorship varies from author to author.

### ***Objectives according to Jobber (2007)***

Jobber (2007) States that there are five major principals of sponsorship objective. These objectives include creating promotional opportunities, improving community relations, fostering favourable brand and company associations, creating entertainment opportunities and gaining publicity.

#### *Creating promotional opportunities*

⇒ Sponsoring events is a great way for companies to promote their brands, logos and products (Jobber, 2007, p. 653). Items and products such as sweatshirts, pens and bags can have a company's logo in order to reach a wider audience for easy retention and recognition.

#### ⇒ *Improving community relations*

Social responsibility is a factor of why companies get involved in sponsorship. Sponsorship of schools can help boost the reputation of a company in its given community. This will give a caring and socially responsible image to the consumers (Jobber, 2007). A major factor for Metso and Sonera.

#### ⇒ *Fostering favourable brand and company associations*

This objective is linked to association for a company or brand according to Jobber (2007). The point is meant for a company to associate itself with an event and hopefully, the positivity of the event can be relayed to their products as well.

⇒ *Creating entertainment opportunities*

Jobber also argues that companies sponsor events not only for publicity but also to reach out to customers that are highly placed in various fields. Successful employees also benefit from this as they are highly rewarded when top celebrities participate in an organized event.

⇒ *Gaining publicity*

Sponsorship provides a good platform to reach millions of audience worldwide where some of them are likely to become customers due to the publicity provided by various media coverage internationally which aids in facilitating this process. Jobber also believes that sponsorship of certain major events like football aids in drastically producing awareness shifts for various products (ibid, pp. 653-655).

***Objectives according to Amis (1999)***

Amis et al (1999) points out that a sponsorship should produce an outcome that matches well with the image that the sponsor is trying to convey. Any sponsorship should therefore produce an image which is so superior that it clearly differentiates the firm from its competitors (ibid). These authors also suggest that a sponsorship, managed carefully, can be developed into a competitive advantage for the company (ibid).

An example of corporate objectives for sponsorships is when Nike used Michael Jordan to promote their company (Amis et al, 1999). This was done in order to build pride into the company and also to develop the corporate culture (ibid). Providing a clear direction of where the company is heading and increasing the corporate morale may itself become a source of competitive advantage for the company (ibid). Amis et al (1999) states the following as most important when firms enter a sponsorship project:

⇒ *Increasing public awareness of a brand or company*

Amis et al (1999) states that one of the most common objectives for a company entering into a sponsorship is to increase the public awareness of either the company or of a specific brand.

⇒ *Changing or enhancing company or brand image and reputation*

Image and reputation can be seen as resources which enables a company to secure a competitive advantage (Amis et al, 1999). Sport sponsorship has, according to the authors, been proven to be an effective tool to either change or enhance company or brand image reputation (ibid. Sport sponsorship as distinctive competence. *European Journal of Marketing*, Vol. 33 No. 3/4, pp. 250-272).

***Objectives according to Cornwell and Maignan (1998)***

In a survey conducted in New Zealand companies were asked to rank their most important objectives with sponsorship from most to last important (Cornwell & Maignan, 1998). The authors point that the ratings varied some depending on the type of sponsorship; however image and goodwill were objectives that dominated all types of sponsorships (ibid). The following were listed starting with the most important:

1. Improving goodwill
2. Enhancing image
3. Increasing awareness
4. Improving profitability
5. Management interest
6. Staff recruitment

The survey also stated that small and mid-sized companies in small towns view sponsorship mainly as a tool to support their community and to establish community relations (Cornwell & Maignan, An international review of sponsorship research. *Journal of Advertising*, Vol. 27 No. 1 pp. 1-21).

### ***Objectives according to Dolphin (2003)***

Dolphin (2003) suggests several objectives that companies might have for deciding to enter into a sponsorship. However, these objectives may vary from industry to industry (ibid). The following objectives were mentioned by Dolphin (2003):

1. Enhancing corporate image
2. Increase brand awareness
3. Stimulate sales
4. Corporate reputation
5. Alter public perceptions
6. Build relationships
7. Create goodwill
8. Enhance employee motivation

The first factor Dolphin (2003) mentions is the impact that sponsorships might have on the corporate image. Sponsorships might enhance the corporate image by influencing the impressions of the company or a specific brand held by a particular segment of the market (ibid). According to Dolphin (2003) increase of brand awareness accrues naturally from sponsorships. This might raise the profile of the corporate brand and thus increase the value of the brand (ibid). Sponsorships might also stimulate the sales of products or services according to Dolphin (2003). Further on, corporate reputation is an intangible value often focused on by corporation (ibid). Sponsorship is an excellent way of enhancing the reputation by giving back to the community in which the company operates (ibid). Being associated with certain sponsoring objects might be a way for companies to alter public perceptions (ibid). Further, sponsorships might also build relationships between the company and its customers (ibid). Creation of goodwill and an increase in employee motivation are also objects that sponsorships might focus on according to Dolphin (Sponsorship: perspectives on its strategic role. *Corporate Communications: An International Journal*, Vol. 8 No. 3 pp. 173-186).

### *Objectives according to Mullin et al (2007)*

According to Mullin et al, there is no single corporate objective in the decision-making process about whether and what to sponsor. A couple of the objectives listed by the authors are quite the same as compared to other authors earlier mentioned. Several corporate objectives used by corporations were listed by the authors as:

1. To increase public awareness of the company, the product, or both
2. To alter or reinforce public perception of the company
3. To identify the company with the particular market segments
4. To involve the company in the community
5. To build goodwill among decision makers
6. To generate media benefits
7. To achieve sales objectives
8. To showcase unique product features, technologies, or advantages
9. To create an advantage over competitors, through association or exclusivity
10. To gain unique opportunities in terms of hospitality and entertainment
11. To secure entitlement or naming rights (Mullin et al 2007, p. 324).



**Table 1:** *Different Authors Objectives' for Sponsorship*

<b>Authors</b>	<b>Stated objectives for sponsorship</b>
Jobber (2007)	Creating promotional opportunities
	Improving community relations
	Foster favourable brand and company associations
	Creating entertainment opportunities
	Gaining publicity
Amis et al (1999)	Increasing awareness of:
	-Company
	-Brand
	Changing/Enhancing image and reputation of:
	-Company
	-Brand
Cornwell & Maignan (1998)	Improving goodwill
	Enhancing image
	Increasing awareness
	Improving profitability

	Management interest
	Staff recruitment
Dolphin (2003)	Enhancing corporate image
	Increase brand awareness
	Stimulate sales
	Corporate reputation
	Alter public perceptions
	Build relationships
	Enhance employee motivation
Mullin et al (2007)	Increasing public awareness
	Influencing public perception
	Establishing associations with particular market segments
	Becoming involved in the community
	Building goodwill
	Generating media benefits
	Showcasing unique product features, technologies, or advantages
	Achieving sales objectives

	Creating exclusivity
	Gaining opportunities in hospitality and entertainment
	Securing entitlement or naming rights
<b>Andreff and Szymanski (2006)</b>	
<b>Corporate objectives</b>	<b>Marketing Objectives</b>
Increase company awareness	Increase sales
Enhance company image	Increase brand or product awareness
Community involvement	Target specific customer base
Improve public perception of the company	Brand positioning
Enhance employee motivation	
Assist staff recruitment	

Source: Author's own construction

### *Objectives according to Andreff and Szymanski (2006)*

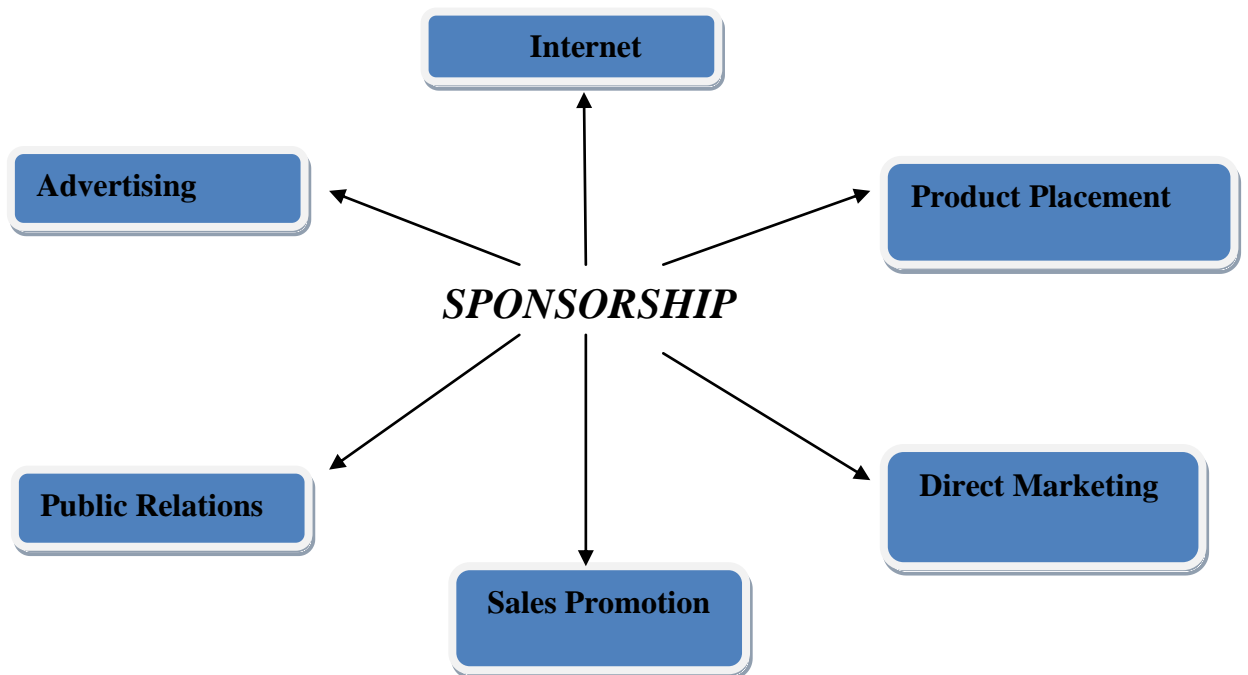
The authors describe two ways which sponsorship objectives can be carried out as both corporate and marketing objectives, which they believe is sometimes the personal preferences of the CEO that are behind a decision to lend support to a particular sport or a particular sporting institution (Andreff & Szymanski 2006, p. 50).

## **2.2 Sport Sponsorship as a Marketing Tool**

Profit making is usually a great concern of most companies due to the fact that their products and or services need to dominate over that of their competitors in the same

field of business as they are. This is vital due to the fact that most products and services are quite similar in most instances and as such companies need to be creative in their marketing strategies so as to stand out from the crowd. Most companies departments use various means of reaching out to both existing and potential customers to purchase their own products. Using promotion as a marketing tactic is of essence, as companies need to get their brands, name, and their messages directly across to the consumers (Buhler & Nufer 2010, p. 98).

It is believed that advertising is an old form of communication and it is a well-known promotional tool but in recent times, consumers have been over-saturated with advertisement both on television and on the print media and majority cannot recall most of the commercials they come across. Over the years, marketers developed new means of promotional tools to reach out to the consumer markets with the likes of public relations, sales promotion, direct marketing, sponsorship and product placement (Buhler & Nufer 2010, p. 98). As such, sponsorship can be linked to other forms of promotional tools as shown in figure 1.



**Figure 1:** *Linking sponsorship with other promotional tools* (Buhler & Nufer 2010, p. 99).

## 2.3 Sports Marketing

Sport is generally understood to include physical activities that go beyond competitive sports. Incorporated into the definition of sport are all forms of physical activity that contribute to physical fitness, mental well-being and social interaction. These include: play; recreation; organized, casual or competitive sport; and indigenous sports or games ([http://www.sportanddev.org/learnmore/what\\_is\\_sport\\_and\\_development/what\\_is\\_\\_sport\\_\\_/](http://www.sportanddev.org/learnmore/what_is_sport_and_development/what_is__sport__/) accessed on October 24, 2010).

During the past few decades, sport has developed from a relaxing weekend activity into a complex industry. This is evident from various phenomenon. On the one hand, sport is magnified daily in the media. A good example of this is all the news concerning Wayne Rooney, David Beckham or Tiger Woods. On the other hand, the sports sector tries to take advantage dynamically of the socio-economic developments. For instance, the explosive growth of the fitness sector results from diverse economic, demographic and

marketing evolutions. The speed with which all this happens demands creative and determined sports management. In an age in which consumers are flooded with information, it is essential for a brand to communicate distinctively. With an appealing sports project, brands can break through the immunity that consumers have developed to the innumerable advertising stimuli. Through a sports sponsorship project, a brand communicates information and avoids confusion with other competitors (Lagae 2005, p. 2).

During the last couple of decades, sport amateurism has risen dramatically into a far more professional business and the level of entertainment that came along with this phase was quite rapid. The evolution which commenced in the United States has expanded rapidly around the world where many people now tend to make their favourite sporting activity as the primary means or making a livelihood. Most athletes are full time professionals with incomes from both sponsorship endorsements and contracts. A couple of the biggest events that take place around the world include the Olympics, World Cup or the Super Bowl.

These events generate huge amounts of revenues for their respective organizers. Sports at either the amateur or professional levels are considered to be big business and as such, the organizers need to fully well comprehend the importance and basic principles of marketing. Companies would always want to see a return on their sponsorship investments; while the fans and spectators would want to see their respective club sides and team perform well by winning what is at stake in the whole tournament.

Mullin et al (2007, p. 11) defines sports marketing as ‘consisting of all activities designed to meet the needs and wants of sport consumers through exchange processes. Sport marketing has developed two major thrusts: the marketing of sport products and services directly to consumers of sport, and the marketing of other consumer and industrial products or services through the use of sport promotions’.

Mullin et al (2007, p. 17) recognizes four dimensions where the unique characteristics of sport marketing are quite obvious. These include product, market, finance and promotion.

### **2.3.1 Product**

Sport as a product can be described as ‘any bundle or combination of qualities, processes, and capabilities (goods, services, and/or ideas) that a buyer expects will deliver want satisfaction’ (Mullin et al. 2007, p. 17). Marketers ought to understand that sport depends much on social facilitation. Either a fan or participant, sport concepts is highly based on individuals’ interaction with one another.

The true nature of sports is that it is a highly perishable commodity, one cannot purchase past games tickets. They are presold and no inventories are taken. The sport consumers are also the producers. Spectators to a sport event have already purchased their tickets well in advance and at the same time, they add the thrill and excitement around the event venue which contributes to the atmosphere in the stadium which aids in producing the event (Mullin et al. 2007, p. 18).

Sports are quite inconsistent and unpredictable. Inconsistency and unpredictability are an important aspect of any sports marketing success. These two aspects create a sense of momentum and competition, which eventually raises the interests and expectations of the spectators. Sport marketers need to understand that there are quite a number of benefits that accompanies each different athlete as each is quite unique in his/her own way both on and off the pitch (Shank, 2009, p. 18).

The final feature in the sports product is the concept of core product. Here the top management in the leagues makes the rules while the team managers usually go for top athletes that are capable of delivering efficiently and effectively to the squad as a whole and not just their marketing prowess (Mullin et al. 2007, p. 19).

### **2.3.2 The Sports Market**

There tends to be a high level of co-operation amongst many sport organizations with each other. Hardy et al states that sports organizations cannot exist in isolation, they need to co-operate. The co-operation main principle is to create a level of meaningful

competition between the professional, amateur and intercollegiate sports (Mullin et al. 2007, p. 19).

There is a level of fluctuation in demand in the sports industry. Most form of sport has some annual life cycle that dictates demand. The commencement of the football league in England popularly referred to as the English premiership usually brings high level of expectations and hopes. Where fans are quite eager to know how well their teams are doing on the team table and the more points acquired, the more revenue such matches are able to acquire through the ticket and merchandise sales.

Sports has become quite embedded into our daily lives, most spectators find it as a way of life and some find it as an adrenaline booster to some extent. Hardy et al relates sports with some human attributes such as religion, eating and drinking, sex and even politics (2007, p. 20).

### **2.3.3 Sport Promotion**

The level of media coverage on sport promotions has been on the rise, with many of the coverage focusing on both the athletes as well as the organizations themselves.

Although this form of media coverage can be a ‘double edged-sword’ (Mullin et al. 2007, p. 22).

Sport teams tend to get free publicity on a daily basis through different communication means either in the newspaper, on the radio, on the television and very recently on the internet, all these avenues pose a somewhat advantage in terms of merchandising and ticket sales as well as youth development program but could also have some drawback effects. It could lead to marketing departments becoming rather inactive as well as affecting the psyche of individual athletes who are made superstars suddenly. The media and sponsors usually require celebrities, athletes who can be identified as attractive in the behaviour both on and off the field of play. They are usually somewhat exploited in marketing purposes and are not so popular amongst members of their teammates. For instance, the just concluded saga of Wayne Rooney of Manchester United Football Club (<http://www.guardian.co.uk/football/2010/oct/25/sir-alex-ferguson-wayne-rooney> accessed October 26, 2010).



#### **2.3.4 Sport Finance**

The financing of sports has some major features which makes it quite different from other types of marketing: the total cost consumers spend on sports products are invariably low when compared to the total costs paid by the consumer in relation to the sport product.

Travel expenses, food and merchandise are all contributing to the total cost that is accrued to a consumer and are all controlled by someone else other than the core event organizer (Mullin et al. 2007, p. 21).

The indirect revenues costs are somewhat greater than the direct revenue costs such as ticket sales being the major source of revenue. This aspect is mostly the case in major professional sports with high level of followers. Indirect revenues mean media contracts and sponsorship money. The tendency to rely heavily on these indirect sources of income is quite notable on most professional sports as attempts are being made to obtain sponsorship agreements and vital media contracts in the sports industry. Some sports organizations now rely much on the resources provided to them by wealthy benefactors, who in turn see these organizations as their own personal hobbies (Mullin et al. 2007, p. 21).

Chelsea Football Club can best illustrate this aspect. A wealthy Russian businessman, Roman Abramovich, owns Chelsea Football Club with a subsidized loan of £115m. Without the loan, the club would be unable to function and would have been in a liquidation state (<http://news.bbc.co.uk/2/hi/business/4219397.stm> accessed on October 25, 2010). This demonstrates the special nature of sports as a business and illustrates the challenges sports marketers will have to face in its management aspect.

### **3 SPONSORS**

In this chapter we shall discuss the various aspects of sponsors' involvement in sponsorship as well as taking a look at the likely negative implications that may be encountered along the way.

#### **3.1 Sponsorship from the sponsor's perspective**

When companies commit themselves to sponsoring certain activity, they should always have clear reasons and objectives for their actions. Sponsorship goals should always be linked to promotional objectives and in a wider sense to the marketing objectives of the organization (Shank 2009, p. 333).

Shank (2009, p. 333) differentiates between direct and indirect sponsorship objectives. The direct sponsorship objective is expected to have an immediate impact on sales as well as impacting the level of the consumer behaviour. The indirect sponsorship objective on the other hand is regarded as a long-term commitment, which requires a high level of generating awareness and company image before the companies can reach their set indirect objectives.

##### **3.1.1 Create Exclusivity**

Many a time, companies usually negotiate a sponsoring or licensing agreement that would make the company an exclusive sponsor to an event. The advantage related to this type of sponsorship is a high level of exposure without having to worry about certain competitors and the cluttering which is quite synonymous with the traditional mode of advertising (Mullin et al. 2007, p. 322).

Sponsorship tends to communicate a company's message in a more different and less commercial way; the IOC designed an exclusivity contract back in 1988 Seoul Olympics to selected companies to use the Olympic rings logo on their products in all parts of the world which guarantees that the sport entities will use only their product-lines and not of unlicensed competitors (Mullin et al. 2007, p. 322).

### **3.1.2 Building Goodwill**

Sponsorship is a great way of conducting business on a more personal basis in order to create a certain level of goodwill. Through the aid of hospitality and entertainment, an amicable business environment can be created which in turn can boost a company's image positively (Mullin et al. 2007, p. 328).

### **3.1.3 Secure Entitlements or Naming Rights**

Naming rights and entitlement can be procured by companies in a sponsorship agreement in various sport entities or sporting events. They can either be part of a sport event or the whole event which might include the facilities as well. 'Naming rights are the most expensive sport marketing investment in the present market place and it is also regarded as the less utilized mode of sponsorship' (Friedman according to Mullin et al. 2007, p. 332).

### **3.1.4 Relationship Marketing**

Many companies are now involved in building a long lasting relationships with their customers and at the same time seeking new innovative means in acquiring new lasting ones too. The NASCAR has incredible success results from creating memorable experiences that often translates into lasting customer relationships (Armstrong & Kotler 2009, p. 9). According to Hardy et al, R. Mckenna regards finding a means to integrate the customers into the company, so as to create and sustain some level of relationship between the company and the customer (Mullin et al. 2007, p. 296).

Groonroos, according to Mullin et al, identifies three main conditions under which relationship marketing is a productive and successful marketing approach. The first approach is the customer having an ongoing desire for some level of service. Secondly, the customer of the service tends to control the selection of the service supplier. Lastly, there are alternative service suppliers (C. Groonroos, Service Management and Marketing, 1990). These conditions are highly present in the sport market-place and also provide an excellent forum for relationship marketing since sport consumers are

highly involved consumers who usually have a desire for long-term association with a particular sport team or brand products (Mullin et al. 2007, p. 296).

Shank (2009, pp. 339-340) regards this as giving the sponsors ample space to perform so as to entertain both new and old clients as well as themselves too in the process.

### **3.1.5 Sales Increment**

The whole purpose of a sponsorship deal is to increase the level of sales. When organizations consider investing in sponsorship contracts, they must initially assess their organizational objectives and marketing goals and then decide which form of sponsorship will aid in achieving them (Shank 2009, p. 344).

### **3.1.6 Competition**

Companies engage themselves in sponsorship deals at times due to some level of threat from their competitors. It has been argued by many sponsors that this is the main reason for sponsorship activity. In other words, if they are not interested and fail to invest in sponsorship, then some of their competitors will; which will eventually lead to a market loss for them in major events like the Olympics for instance (Shank 2009, p. 334).

### **3.1.7 Image Building**

One of the most important aspects why organizations go into sponsorship deal is either to build the organizations image or to maintain a high level image. It is a two-way street for both the sports entity and the sponsoring organization whereby the latter, tends to associate itself or its brands with the positive images obtained by the unique personality of the sporting event (Shank 2009, p. 342).

The situation can be fully verified in the case of Tiger Woods where many of his sponsors which included the likes of Gillette, Accenture, AT&T, and General Motors discontinued their sponsorship deals with him after news of his numerous infidelities broke out to the public. Many of these companies did not want their brands to be associated with such scandals and some went to the extent of pulling out the television commercial which featured the golf star.

## **3.2 Issues Facing the Industry (Threats)**

There are quite a number of issues that both the sponsored properties and sponsoring firms need to consider when they set out to go into sponsorship event deals or other forms of competitions.

### **3.2.1 Ambush Marketing**

Ambush marketing has always been a substantial scourge in the sponsoring industry which tends to pose quite a number of threats and also affects the image of sponsorship which at times could lead to questioning the whole integrity of the sponsorship event campaign.

Ambush marketing is regarded as a marketing campaign that takes place around an event but does not involve payment of a sponsorship fee to the event. For most events of any significance, one brand will pay to become the exclusive and official sponsor of the event in a particular category or categories, and this exclusivity creates a problem for one or more other brands. Those other brands then find ways to promote themselves in connection with the same event, without paying the sponsorship fee and without breaking any laws ([http://en.wikipedia.org/wiki/Ambush\\_marketing](http://en.wikipedia.org/wiki/Ambush_marketing) accessed on August 7, 2010).

The Beijing 2008 Olympic event is an attestation of the above definition, whereby a billion people in China alone and millions of viewers worldwide witnessed the Chinese gymnast Li Ning light up the Olympic torch wearing Li-Ning shoes while Adidas was the sponsor of the clothing and shoes of the athletes. Li Ning apparently has his own shoe company which is quite popular in China and in the year 2008, they outfitted Olympians such as the Chinese ping pong players, Argentina's basketball squad and Tanzania's track and field athletes. But they were not an official Olympic sponsor. The visibility received from that alone boosted their market share in a country of 1.3 billion inhabitants. A small company and also a fast-growing company and the first Chinese company to promote an American side-endorsing the U.S ping pong team.

The just concluded FIFA World Cup in South Africa, which was held from June 11-July 11 2010, was not spared from ambush marketing either as stewards had to eject about

thirty-six Dutch women out of the stadium in a game between the Netherlands and Denmark. All the women were dressed in identical tight hugging short orange dresses, which were sold as a part of a gift pack by a Dutch brewery.

The Cup's authorized beer was Budweiser which paid millions of dollars for the sponsorship marketing privilege (<http://www.bbc.co.uk/news/10321668> accessed on August 30, 2010).

### **3.2.2 Legislation**

In many countries, there is increasing legislation against alcohol and tobacco products using sponsorship as another alternative to the banned advertising campaigns. Countries within the European Union, Northern America, Australia and Asia have all placed some level of ban on alcohol sponsorship and an outright ban on the tobacco sponsorship of sports events. Alcohol is still being advertised on some countries television and the advertisement of tobacco products was banned on television in Europe in 1991 ([http://en.wikipedia.org/wiki/Tobacco\\_advertising](http://en.wikipedia.org/wiki/Tobacco_advertising) accessed on August 30, 2010).

An increasing number of countries around the world have passed anti-tobacco legislation and sports like Formula 1, Cricket, Snooker and Darts competitions are mostly affected due to the fact that sizeable amount of funding such competitions are from the tobacco industry and as such, have come under tremendous pressure from the World Health Organization and other public health advocates to seek other means of sponsorship which is less direct, but tobacco manufacturers often use so-called 'surrogate advertising' by promoting sports events through non-tobacco making subsidiaries (<http://www.rediff.com/sports/2001/feb/07tobac.htm> accessed on September 2, 2010).

### **3.2.3 Sponsorship Clutter and Media Coverage**

The high level of media coverage of various sport events is creating some form of avenues for non-sponsors to ambush the campaigns of official sponsors and to have some level of access and positive benefits on the whole sponsorship agreement. Television sponsorship clutter appears to be a significant problem in the Southern parts

of Europe (Spain and Italy), with twice as many people agreeing with the statement that television is far too heavily sponsored, compared with the British market (<http://www.marketingweek.co.uk/home/success-is-all-in-a-good-cause/2020605.article> accessed on September 2, 2010).

It is true that sponsorship industry is facing challenges from increasing levels of clutter and intrusion which are turning consumers off, but sponsorship still has the ability to raise awareness and to influence consumer attitudes. As long as there are fans, affinity groups and clear brand associations, sponsorship will certainly remain an effective marketing tool (<http://www.marketingweek.co.uk/home/success-is-all-in-a-good-cause/2020605.article> accessed on September 2, 2010).

## **4 BRAND SPONSORSHIP**

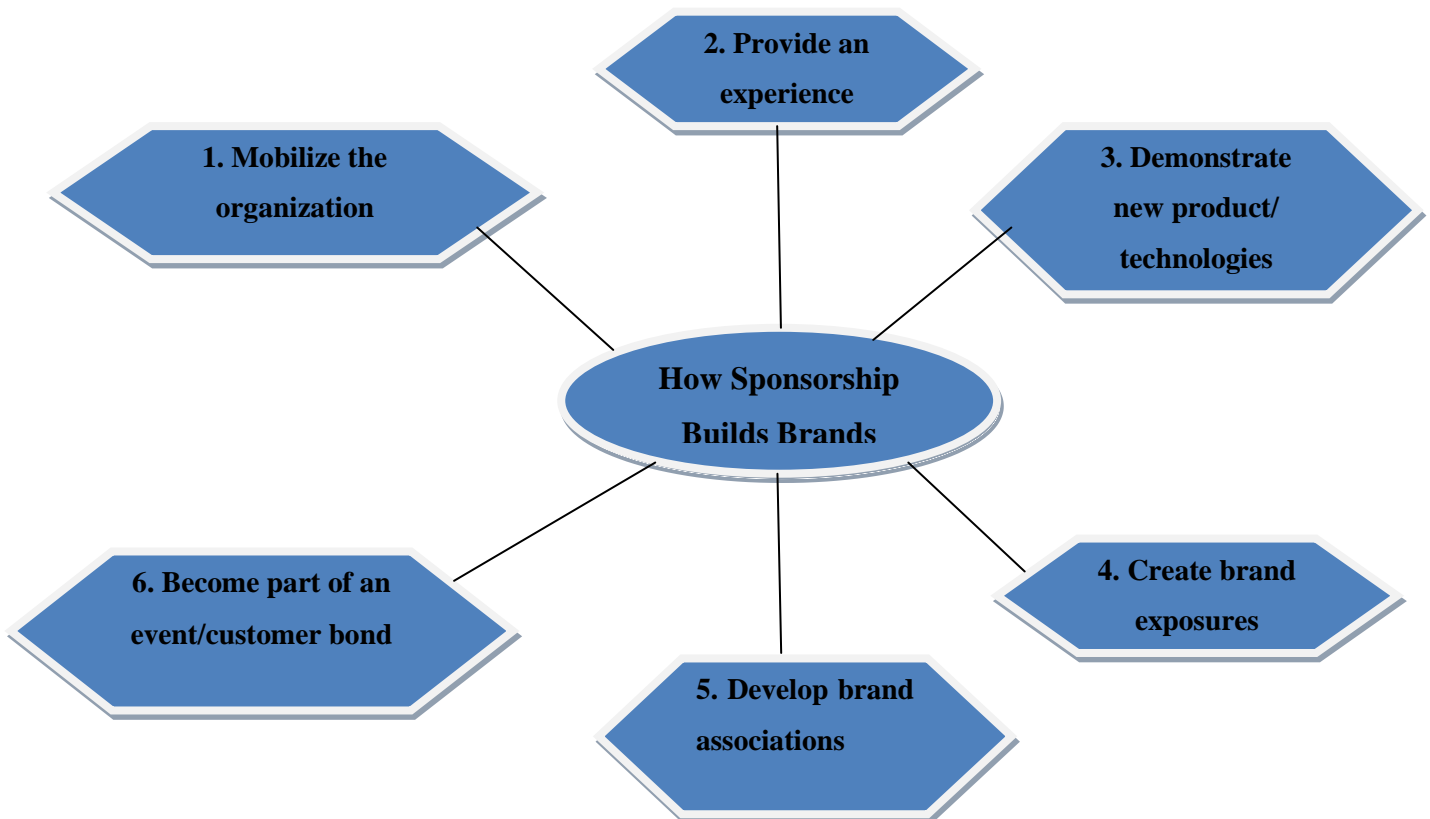
Sponsorship is not so much discussed within a theoretical framework but has the possibility to add to brand building in diversified ways. The meaning of sponsorship and its efficiency in connection to brands is rising constantly. Sponsorship offers unique advantages in brand building. Whereas advertising is highly intrusive and is clearly a paid message openly attempting to either persuade or change attitudes, a sponsorship is likely to become a part of people's lives (Aaker & Joachimsthaler 2000, p. 202).

### **4.1 Brand Building by Sponsorship**

Sponsorship is a very different brand-building tool than advertising and needs to be managed accordingly. Sponsorship entails the commercial association of a brand with a property such as a sporting event, a team, a cause, the arts, a cultural attraction or entertainment. Sponsorship does not imply an endorsement of the brand. An endorser could put his or her name on products and appears in advertising and elsewhere as an advocate for a brand. In contrast, sponsored event or group does not deliver and endorsement of a brand (Aaker & Joachimsthaler 2000, p. 202).

Sponsorship offers a unique advantage in brand-building while advertising is rather invasive and a paid message in attempting to persuade or change attitudes, while sponsorship tends to become a part of people's lives (Aaker & Joachimsthaler 2000, p. 202).





**Figure 2:** *How sponsorship builds brands* (Aaker & Joachimsthaler 2000, p. 203)

The phenomenon that is particularly common in sponsorships is that both the process and the result of a brand-building effort often have a key payoff internally to employees and other brand partners, as well as externally to customers. Having employees and partners involved in the whole sponsorship process can be quite an emotional benefit as all parties seek to work together to attain a certain level of pride from the eventual outcome of the sponsorship agreement which generates a greater level of synergy amongst all those involved (Aaker & Joachimsthaler 2000, p. 204).

A team sponsorship can be particularly successful at generating emotional benefits because there is an attachment to a goal and a winner. This image channeling and interest intensity towards certain activity is a strong marketing tool used internally and externally (see Aaker & Joachimsthaler 2000, p. 204).

An event experience can provide a customer with a unique opportunity to develop a link to the brand and its organization. Simply providing customers with an event experience says a whole lot about the brand and its organization. Furthermore, an event could represent a tangible and unique way to reward a key customer. Assuming that the event is sponsored for a longer duration, the reward may be provided year after year, giving

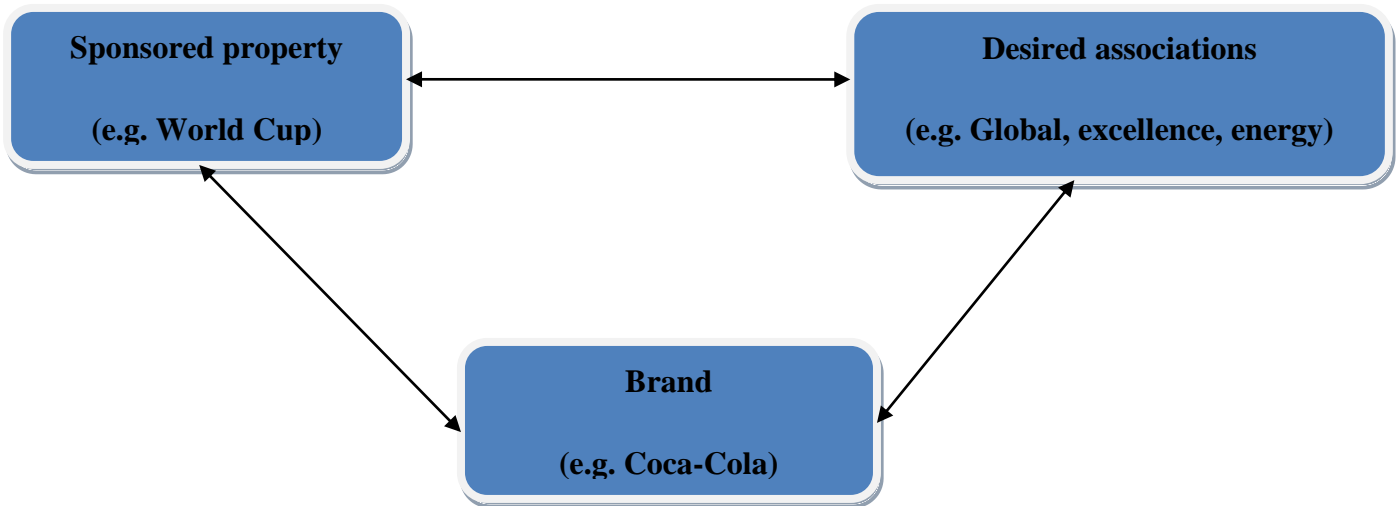
the customer an incentive to appreciate the relationship. In addition, the event provides an opportunity for the organization to interact with key customers in a more relaxed setting. As such, an access which might not be possible without the event can be obtained more easily (ibid p. 205).

The most powerful way to introduce a new product or technology is publicity. Publicity is not only more cost-effective than advertising, it is also more credible. A sponsorship can be the necessary lever to elevate the news value of a product or technology so that press coverage results. The visibility of the product can also enhance the link between the brand and the event (see Aaker & Joachimsthaler 2000, p. 206).

In the creation of brand exposure, the cost of a sponsorship can be justified solely by the brand name exposure achieved through event publicity or signage. Authors Aaker and Joachimsthaler state a measurable approach of brand exposures that sponsorship generates from the signage placed at the site or worn by the participants (Aaker & Joachimsthaler 2000, p. 207).

A distinction should be made between *sponsor status*, such as being an Olympic sponsor, and *named events* (Helsinki cup), since the latter have two additional benefits. Firstly, the publicity of a named event will help build brand presence, depending on the amount of press coverage. Secondly, associating the brand with the event is much more feasible when it is a named event rather than one for which the brand is simply a sponsor at some level (Aaker & Joachimsthaler 2000, p. 207).

According to David Aaker and Erich Joachimsthaler (2000, pp. 208-209), the often dominant reason for sponsorships is to gain *an association among a target segment*. The creation of the desired association will depend on the strength of three links (figure 3).



**Figure 3:** *Links to create desired brand associations*

(Aaker & Joachimsthaler 2000, p. 209).

The same association techniques that are connected to the sponsored property and strength are used to determine the same qualitative and quantitative measures in brand associations. For major sponsorships, an in-depth understanding of the image of the sponsored property among target groups—one that goes beyond tangible attributes—can be critical of maximizing the effectiveness of the sponsorship (Aaker & Joachimsthaler 2000, p. 208).

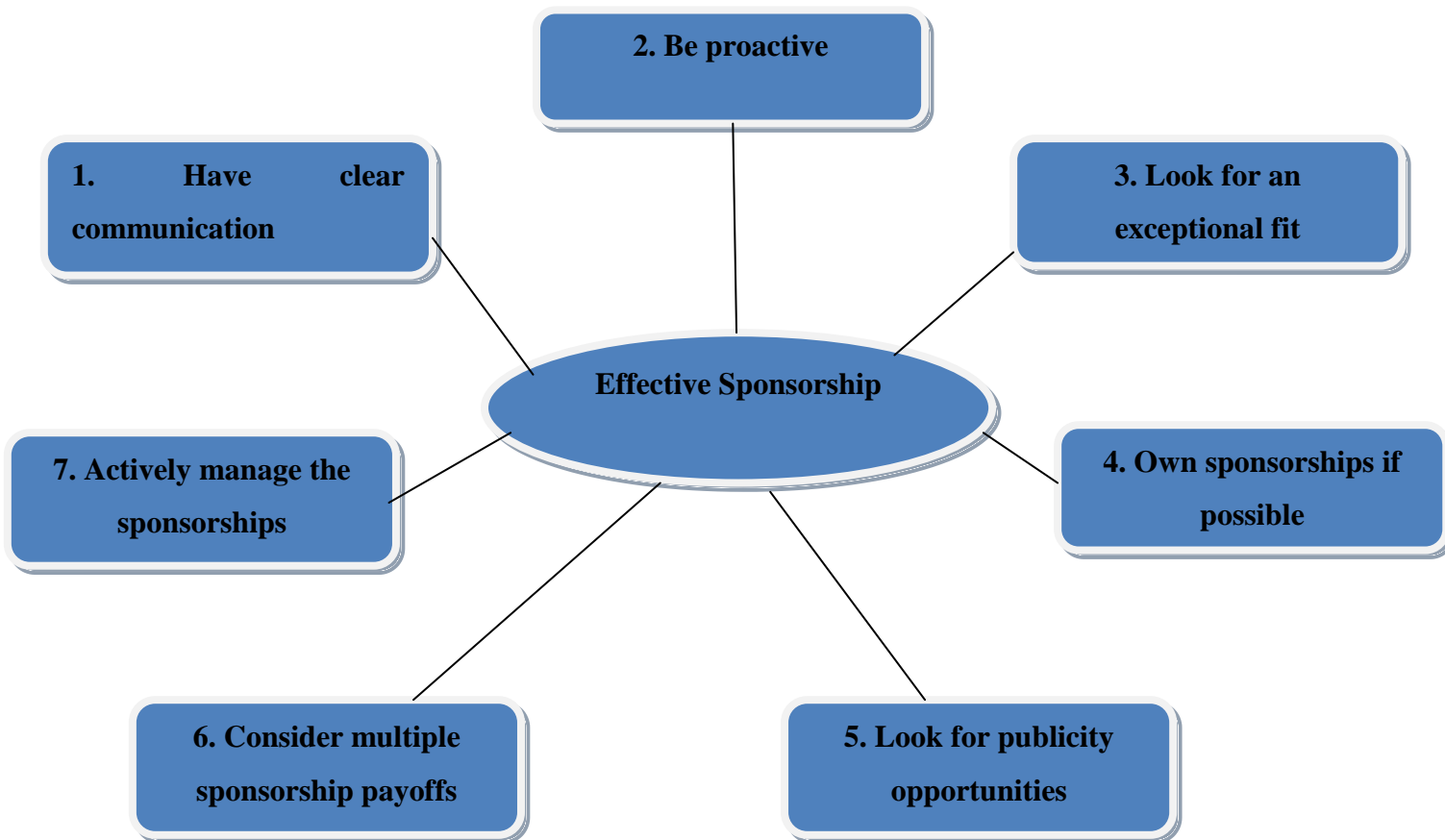
Like a brand, a sponsored property can have *a host of associations*. Some events are considered downscale, while others are very upscale. Some are old and have a long heritage while others are young and energetic. Some events are seen as macho/male while others are seen as more feminine in nature. Just as it is in brands, the events can have different personalities. For instance, a ski race is exciting, an urban development project can be proficient and a beauty contest can be sophisticated. The location is quite vital since some locations are more regarded than some others (see Aaker & Joachimsthaler 2000, p. 209).

A manufacturer has four sponsorship options. The product could be launched has a *manufacturer's brand* (or national brand), the manufacturer could sell to resellers who give it a *private brand* (which can also be referred to as store brand or distributor brand). Many manufacturers create their very own brand names, others market *licensed*

brands. Lastly, two companies can join forces and *co-brand* a product (Armstrong & Kotler 2005, p. 247, 7e).

## 4.2 The Seven Keys of Effective Sponsorship

There are seven keys that lead to an effective sponsorship according to writers David Aaker and Erich Joachimsthaler (2000, p. 223), in order for firms to locate and manage successful sponsorships, these guidelines (figure 4) can improve the chances to manage effective sponsorship agreements.



**Figure 4:** *Effective sponsorship keys* (Aaker & Joachimsthaler 2000, p. 223)

From the above diagram, the company needs to first have clear communications objectives for the brand. A sponsorship strategy should be responsive to the communication objectives of the brand. There are often three types of objectives: visibility/awareness, association development, and relationship development. Each of these could be an important driver of the sponsorship strategy. Having an understanding of the brand essence, the core identity, the extended identity and the value proposition are the initial points of having clear communications objectives; it also includes having communication priorities. Knowledge of the associations that are needed should drive the sponsorship strategy-not only the selection of sponsorships, but the way in which they are managed as well as being exploited (Aaker & Joachimsthaler 2000, p. 223).

In the second phase, the company needs to be proactive. The temptation in sponsorship is to simply choose from what is offered, especially since some firms get thousands of requests each year. Sponsorship selection, however, needs to be managed proactively by developing a set of criteria for the ideal sponsorship, then listing possible choices that score well on these criteria. Being proactive increases the likelihood that the sponsorship will be original and break out of the clutter. Scaling a wide variety of sponsorships as to their personality and matching those to the personality reflected in the communication task is often a helpful way to screen sponsorship options (ibid, p. 224).

In the third phase, the company must look for an *exceptional fit*. An exceptional fit between an event and a brand is much better than a good and a forced fit. A lack of fit then again could be a significant failure. An exceptional fit is when the product can be demonstrated in a way that is integral to the core essence of the sponsorship (ibid, p. 225).

In the fourth phase, the company should *own sponsorships* because of its cost-effectiveness (ibid, 225). As stated earlier, the key to success is to own the sponsored event or the exclusive right to sponsor an individual over time and not just for a brief moment.

In the fifth phase, the company needs to look for *publicity opportunities* because they are the marks of effective sponsorships. Publicity will make the task of achieving brand-building objectives more effective and efficient. Also, an event or a product

demonstration strategy within an event having publicity potential means that it has inherent interest (ibid, p. 225).

In the sixth phase, it is vital to consider multiple *sponsorship payoffs*, as some sponsorships pay for themselves by creating exposure and creating and strengthening certain brand associations. The sponsorship however can achieve meaningful brand-building objectives in other ways. For instance, by providing event experiences to key customers, by demonstrating new products, by mobilizing the organization for brand building, and by interjecting the brand into the event/customer bond. At this moment, a thorough evaluation of the sponsorship is beneficial (ibid, p. 226).

The seventh and the last phase is to *actively manage* the sponsorship. An effective sponsorship does not just happen, certain goals need to be set, programs put in place to achieve the goals, and the results measured. Sponsorship ought to be considered as a co-branding experience, a co-brand needs to be created by consistently using a composite logo and actively creating brand awareness and associations. The co-brand is the ultimate asset from the sponsorship. Active management also means the involvement of the extended organization (ibid, p. 226).

### **4.3 IEG's Guide to Why Companies Sponsor**

In its earliest days, sponsorship was almost exclusively the area of sports properties. In 1984, about ninety percent of all sponsorship dollars went into various sport events. The demand of corporations for a new and better way of communicating with their key audiences has benefited every type of sponsorship.

Companies do not use sponsorship to supersede the likes of sales promotion, advertising or public relations. The gains that sponsorship offers are quite different and the medium tends to work best as part of an integrated marketing communications effort that includes the use of all marketing methods.

Below, IEG analysts identify the most common reasons why companies use sponsorship as a means of marketing tool.

*Create awareness and visibility.* The wide exposure properties enjoy in both electronic and print media provide sponsors with immense publicity opportunities. For many

sponsors, the cost of purchasing the television and print exposure their sponsorships acquire is unaffordable.

*Change and reinforce image.* Sponsorship can create, reinforce or change a brand image. For instance, Coca-cola reinforces its ties to youth by sponsoring the Helsinki cup. While imagery can be projected through advertising, paid media lacks the quality of a sponsorship.

*Increase brand loyalty.* Loyal customers are a company's most valuable asset. The absence of tangible differences among products in every category has a simple but unavoidable consequence; emotional logic is the single most important business driver. Without emotion, a product or a service is just like every other product or service.

*Showcase community responsibility.* Customers are speaking, and they are saying they are willing to reward or punish companies with their wallets based on corporate citizenship. In a Canadian Millennial poll, people said that *social responsibility* is the vital factor that influences their impression of a company- more even than brand quality or business fundamentals.

*Entertain clients.* Properties' hospitality components can be highly relevant to companies that value the opportunity to spend a few hours with clients and prospects and to solidify business relationships. As an illustration, Bank of America uses pro-ams around its sponsorship of PGA Tour stops to entertain customers and pitch new product.

*Recruit and retain employees.* Sponsorship is also scrutinized for their ability to provide incentives for a company's workforce. Hugo Boss, which sponsors the Solomon R. Guggenheim Museum, offers employees discounted tickets and subsidized trips to Guggenheim museums worldwide.

*Merchandising opportunities.* Point of purchase promotions that are themed to an event, a sport or cause can bring excitement, uniqueness and colour to in-store displays. Sponsorship also gives longevity to merchandising programs. Marketers can promote their tie weeks or months well in advance.

*Incenting retailers, dealers and distributors.* Competition for shelf space is one of the biggest issues facing companies today and many are using sponsorship to win the contest. For instance, many packaged goods companies do not sponsor NASCAR racing only to reach consumers; they also use the sport to motivate retailers. Sponsoring

brands offer retailers perks such as driver appearances at stores and event tickets in exchange for incremental case orders and in-store product displays.

MasterCard used its World Cup tie to create usage and acquisition for its member banks and merchants in more than 70 countries. Banks used the tie to issue World Cup-themed affinity cards, while merchants displayed millions of game-themed decals.

*Differentiate product from competitors.* The objective here is to know what is driving much of the sponsorship by service industries such as insurance, telecommunications and banking. Sponsorship provides companies a competitive selling advantage because it offers opportunities for category exclusivity and can be used as a platform for creating currency with customers. Sponsors take the rights associated with their properties and make them work for the customer to help achieve their objectives and needs.

*Achievement of multiple objectives.* Sponsorship offers the possibility of achieving several goals at once; many companies expect the medium to deliver a combination of the above benefits

([http://www.stjude.org/SJFile/alsac\\_ieg\\_guide\\_why\\_companies\\_sponsor.pdf](http://www.stjude.org/SJFile/alsac_ieg_guide_why_companies_sponsor.pdf) accessed on June 6, 2010).



## 5 PRIMARY RESEARCH ANALYSES

The primary research conducted for this thesis work was done using semi structured interviews. The questions are given in the appendix. The reason for choosing these companies alongside Helsinki city event office is due to the fact that various sport tournaments are being held at different times of the year in Helsinki and Sonera is a telecoms company that deals in some level of sponsorship in different sport activities too. Metso is also involved in some level of sponsorship activity, which gives an image of good corporate citizen both locally and globally.

In the previous chapters we saw the various objectives for sport sponsorship as well as certain threats that are likely to be faced in the process. In this chapter the analysis of the primary data collection will be shed more light upon. The company's area of business shall be briefly viewed in order to have an idea of the area at which they operate. The responses obtained through the conducted interviews shall be compared to the theories stated in the earlier chapters of this thesis. Similarities as well as differences between the theory and the collected data shall be compared.

### Sonera

TeliaSonera is the Nordic and Baltic telecommunications leader. As part of TeliaSonera, Sonera provides reliable and diversified cutting edge services in Finland to both consumer and business customers.

“The purpose of our existence is to help, benefit and entertain our customers in matters related to communications. Sonera gives you everything you can imagine – and more. Sonera transfers voice, images, music, video and files – no matter whether it is a question of entertainment or obligations” (<http://www.sonera.fi/en/About+Sonera/> accessed on December 12, 2010).

### 5.1 Results from Sonera

The interview results gathered from this research proved that the company believes in improving the public perception on their name. They would like the consumers to see Sonera as a listening, caring and acting company. Sonera wants to be seen as being responsible to the entire community, which plays a vital role amongst their other

competitors. A major general objective they have for sport sponsorship is being highly responsible to the community.

The company believes in a deep level of co-operation and visibility in the whole sponsorship deal and as such, wants to be seen as being able to go into a fun position without having to lose focus on the whole agenda on why they are in a sponsorship agreement with a sport entity in the first place. They have experts in the field with whom they select their sponsorship objects with and they make constant inquiries concerning the evaluation of their results in the sponsoring activities. According to the marketing personnel interviewed, Sonera regards sponsorship as being able to give a high level of support to different objects which include sport and culture.

The company gives a high level of consideration in the evaluation of certain risks that might be in the sponsorship object and believes that it is not really worth the effort if the risk involved is too great which might end up having some negative effect on the brand image of Sonera. As such, the company usually likes to know what the image of the sponsorship object is before going all out and making a deal. As put by Tiina Käyhkö of Sonera, it is of no use to take unnecessary risks as this could jeopardize the company's reputation and image as a whole.

Sonera benefits from sponsorship agreement by making use of the Olympic Games and other major sport events in the B2B marketing where next generation athletes have been in the company's marketing campaigns, events, etc. Few percentages of funds is usually being budgeted to sport sponsorship because they do have other means of doing marketing too so as such, they set aside some percent entirely for marketing in sponsorship.

A major important criteria that Sonera considers when deciding on a sponsorship deal is making sure that there is a high level of smooth co-operation, the risks involved are at a very minimal rate, since they believe it is of no use to take risks that could give the brand image bad publicity and it can be seen that they are into the whole process for a good cause which gives the company a higher rating amongst their competitors.

Sponsoring happens to be an ideal means of relating to the consumers at Sonera because they see it as one way of doing marketing in a rather relaxed atmosphere where the

consumers are more at ease and rather excited in the euphoria of the ongoing sport event.

## **5.2 Results from Helsinki City Event Office**

The city of Helsinki is internationally known for sports, catering for the needs of both professional and amateur sports people as well as those that seek to maintain an active lifestyle. The city promotes well-being by offering its citizens extensive opportunities for sports, both indoors and outdoors throughout the year. Sports clubs in Helsinki organize activities in a wide array of sports. The most popular are ice hockey and football, and the list covers well over one hundred other sports (<http://www.hel.fi/hki/helsinki/en/Services/Sports> accessed on December 12, 2010).

The city's event office defines its objectives in sport sponsorship as being able to strengthen Helsinki as an active, attractive and a responsible city for the inhabitants and the visitors as well as being able to spread the modern functional image of Helsinki.

Helsinki city feels that it has a social responsibility in the society as a whole through events which are socially and functionally easy to reach for everyone that is interested and also supports the development of the said discipline. The city has social responsibility for all kinds of events including those that are not sport oriented in order to have a diverse atmosphere that would be enjoyed by all kinds of individuals. The major event target is usually on both the image and the tourism aspect of the city as a whole.

Having an active partner in the objectives and expectations of a sponsorship package is pretty important. Understanding the fact that a sponsorship agreement with the city is a similar co-operation as well as with other partner members who are eager to develop the common way to build up a good working relationship that will be of immense benefit to all parties involved.

According to Saila Machere at the event office, Helsinki city benefits from sponsorship agreement through social, cultural and economical responsibility. The visibility and development of organizing a sport event by offering a wide variety of sport activities to choose from and hoping that it will lure more visitors into the city and by so doing creating revenue into the city's coffers. She also goes on to define sponsorship as being

a partnership that gives the benefit for both parties involved to reach their individual aims by supporting each other along the way.

Helsinki city believes that a certain level of sport event organizing, trustful, compact and a pleasant city for visitors to come to is the image that the city portrays and together with sport organisers, media survey, public and economic survey in major sport events, Helsinki city is able to evaluate the results of its sponsoring activities.

The evaluation of risks when selecting a sponsorship object is a priority for the city, risks such as the capacity and liability of the organizer, the situation on the world economy also plays a role in the risk evaluation. As such, it is very seldom that the city encounters such great risks when it is the right holder. One major criteria that the city considers when deciding on a sponsorship deal is how Helsinki and its inhabitants can profit from the sport event and if it supports the social, economic areas of the city as well as having a positive impact on the general culturalization of the city as a whole. It is believed that these aspects are part of the responsibilities of a functional city.

Furthermore, the city benefits greatly from a sponsorship agreement through image marketing activities, television and media visibilities and also social networking, which helps to promote some level of tourism for the city.

### **5.3 Results from Metso**

#### **Metso**

Metso is a global supplier of technology and services for the mining, construction, power generation, oil and gas, recycling, and pulp and paper industries ([http://www.metso.com/corporation/about\\_eng.nsf/WebWID/WTB-041026-2256F-55957?OpenDocument](http://www.metso.com/corporation/about_eng.nsf/WebWID/WTB-041026-2256F-55957?OpenDocument) accessed on December 12, 2010).

According to the company, their main areas of sponsorship policy is to support programs such as youth activities, science, research and education, culture as well as environmental protection and nature conservation. Metso strives to be a good corporate citizen both on a local and global scale and as such, believes in supporting a good cause that is beneficial to all at stake.

- **Youth activities**

Children and young individuals all over the globe require the support of a safe and healthy environment as well as positive role models to look up to. Through their friends and families, Metso employees are fully aware of the dangers that is being encountered by the young people, so the company strives to develop operating models which allows the corporation and its employees to work together to deal with these matters.

- **Environmental protection and nature conservation**

Environmental protection and conservation are quite important to Metso and the corporation makes sure that it develops an environmentally and friendly solution for various industrial processes. The company has tremendous respect for all environmental matters and is always in support for projects that aims to conserve biodiversity and precious natural sites. The company co-operates fully with organizations like the World Wildlife Fund.

- **Science, research and education**

Since Metso is a supplier of technology solutions, science and research are of great importance to the company. As such, the company promotes co-operation with universities and research institutes and supports contacts with students, scientists and innovations. By so doing, all these individuals are able to meet under one event or another which usually entails some form of sporting activity.

In essence the company makes sure that their employees are fully involved in the whole sponsorship process by sponsoring different sport programs which involves the children of employees in various sporting activities.

## 6 DISCUSSION

The aim of this thesis was to gain a thorough understanding of how companies use sport sponsorship as a marketing tool to reach out to their target audience as well as potential customers. The intent was to gain an in-depth understanding on how organizations use sponsorship to reach out to specific audiences. The primary data were attained through the interviews conducted with Finnish companies that are into sponsorship both in the sports and culture sector. One of the selected companies is in the telecommunication sector while the other party was Helsinki city event office and some information was obtained from a company that is a supplier of technology solutions.

The major findings included responsibility for the community, deep co-operation and visibility, an avenue of doing B2B marketing. As well as wanting to be seen as a company that values the true essence of nature and the surrounding environment. The finding also showed that a major aspect that is being considered before venturing into a sponsorship deal is that there is not much risk involved in the whole agreement either to the sponsored party or the sponsoring company because their image in the society is a vital aspect which they would not like tarnished; so therefore, it is no use of venturing into a partnership that is risky.

Developing an operative model that allows both the corporation and its employees to work together in creating a safe, healthy environment and building positive role models through sponsorship co-operation. Also, supporting scientific thinking which gives way to the promotion of innovative new projects that could lead to different research areas.

Another finding was that it is a common way to build up a good working relationship and the maximization benefit derived from all parties involved in the agreement and also a way of marketing. Also, it is an avenue to give back to the society that has helped companies to attain their current position amongst their competitors.

## 7 CONCLUSION AND RECOMMENDATION

The concept behind this thesis was to examine the important role which sponsorship plays as a marketing tool in sport events. More importantly, how companies are able to sell their goods and or services while using sport events as a platform to reach out to a wider audience target.

In the thesis a qualitative research method was used in order to identify various aspects of organizations objectives as well as using sponsorship as a key element in achieving a somewhat high profit margin for the corporations account. The author approached the topic as well as the research question with a high level of motivation and enthusiasm. Much information needed to be gathered for the research questions as well as performing interviews with companies that are involved in some level of sponsorship. Hence the method chosen for the empirical study was interviews.

The theory part of this work entailed sponsorship objectives and how sponsorship can be linked to other forms of promotional tools. Sport marketing is a thriving aspect nowadays of carrying out marketing strategies so as to have an edge over competitors and also to have the company viewed in a positive way by both fans and spectators who happen to be the customers of the sponsoring companies. It is important for companies to reach out to millions of potential customers in a cost-effective way and sponsoring a major sport event creates an exciting avenue to put their brands on a worldwide scale in an exciting and rather relaxed atmosphere.

The writing of this thesis work was a great learning experience for the author a lot of knowledge concerning the concept of sport sponsorship marketing was acquired while writing the thesis. Many new aspects were discovered like the ambush marketing aspect and reasons why certain brands are quite strict on not wanting bad publicity on their brand image(s). Marketing students, who are sports enthusiasts, just as the author, would find this thesis an exciting piece to go through and the literatures used for the whole work were of tremendous help by well established authors in the sport sponsorship and marketing fields.

One main limitation in the whole writing process though was not having more companies to carry out an empirical study so as to make comparisons and give a full

analysis on the outcome concerning their sponsorship objectives. The writer recommends that further studies can be carried out in trying to ascertain to what extent companies tend to use sponsorship to reach their target audiences.



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## **APPENDIX A - Interview Guide**

*List of interview main questions alongside the responses (to the company):*

1. How does your company define its objectives in sport sponsorship?
2. Does your company feel that it has a social responsibility to perform in the society by associating their products and company image with sport sponsorship in general?
3. What does your company hope to achieve with the whole sponsorship deal?
4. What are your objectives and expectations in a sponsorship package?
5. How does your company Sonera benefit from sponsorship agreement?
6. How would you define sponsoring?
7. How does your company select sport sponsoring objects?
8. What is the image of Sonera? How does sponsoring support the image?
9. How does your company evaluate the results of its sport sponsoring active ties?
10. a) Do you evaluate the risks when selecting a sponsorship object?  
b) If so, what kind of risks?  
c) How is your company prepared in managing those risks?
11. a) What are the most important criterion for the sponsor object that you consider when deciding on a sponsorship?  
b) Why is that so important?
12. What proportion of your marketing budget is designated to sport sponsorships?
13. How does your company Sonera benefit from sponsorship agreement?
14. As marketing personnels, do you feel that sponsoring is an ideal means of relating to the consumers and if so, why is that?

## **APPENDIX B - Interview Guide**

### *List of interview main questions (to Helsinki City event office):*

1. How does Helsinki city define its objectives in sport sponsorship?
2. Does Helsinki city feel that it has a social responsibility to perform in the society by associating their products and company image with sport sponsorship in general?
3. What does Helsinki city hope to achieve with the whole sponsorship deal?
4. What are your objectives and expectations in a sponsorship package?
5. How does Helsinki city benefit from a sponsorship agreement i.e. the Helsinki Cup event?
6. How would you define sponsoring?
7. How does Helsinki city select sport sponsoring objects?
8. What is the image of Helsinki City? How does sponsoring support the image?
9. How does your Helsinki city evaluate the results of its sport sponsoring activities?
10. a) Do you evaluate the risks when selecting a sponsorship object?  
b) If so, what kind of risks?  
c) How is Helsinki City prepared in managing those risks?
11. a) What are the most important criterion for the sponsor object that you consider when deciding on a sponsorship?  
b) Why is that so important?
12. What proportion of your marketing budget is designated to sport sponsorships?
13. How does Helsinki city benefit from sponsorship agreements?