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Does the Sponsorship of Sports Entities by Gambling Organizations Conform to the Set of Benefits as Conceptualized in the Model of Sports Sponsorship?

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ABSTRACT

One recent study produced a model that was structured based upon the benefits derived by four parties that are impacted by a sponsor's decision to engage in the sponsorship of a sports entity. These sports entities may be a team, a league, an organization, an athlete, an event, or a sports venue. The interactions among the four categories of beneficiaries resulted in 12 discrete linkages. A total of 159 potential benefits, some tangible and some intangible, were documented. A second study examined the impact of a recent SCOTUS ruling that declared the Professional and Amateur Sports Protection Act (PASPA) to be unconstitutional. That ruling opened the floodgates for gambling organizations to become involved in sports betting which has further led to the sponsorship of sports entities. In that study, the authors noted 201 benefits that accrue to 14 different groups of beneficiaries that fall into four categories. The current study examines the extent to which the two studies are congruent. Does sponsorship by a gambling organization such as MGM Resorts emulate what one would anticipate with the sponsorship of a sports entity by a non-gambling entity such as Coca-Cola or Citibank?

Keywords: *sponsorship, sports, model, gambling, betting, benefits, beneficiaries, PASPA*

INTRODUCTION

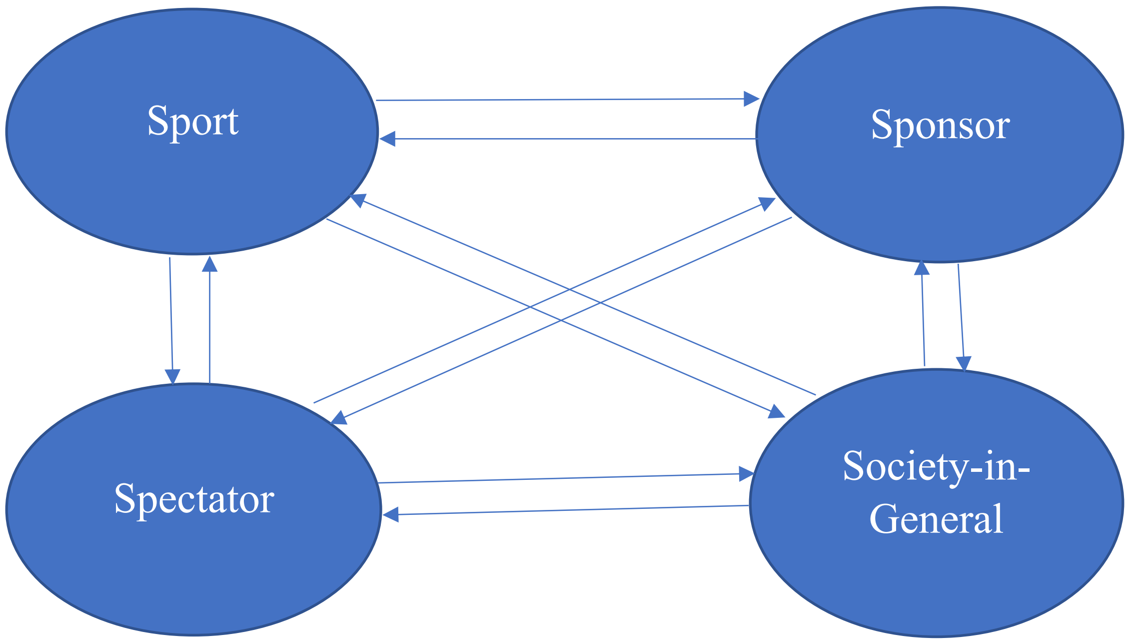
Marketing has long been based upon the ability of an organization to provide benefits to select target markets. Sponsorship is a marketing tool that is recognized as a strategic initiative that provides benefits to two contractually aligned entities – the sponsor and the sponsored property. The International Events Group (IEG) has identified six broad categories in which a marketer can invest in a sponsorship relationship. These six categories are sports; entertainment; the arts; causes; festivals, fairs, and annual events; and associations and membership organizations. Of these six categories, by garnering approximately 70 percent of the expenditures on rights fees for sponsorships in North America, it is sports that leads the way (IEG 2018). It was estimated that global spending on sports sponsorship alone in 2020 was $57 billion, and that number is projected to reach $90 billion by 2027 (Gough 2021). It is also sports that has the greatest outreach, thus potentially the greatest impact on entities other than the sponsor and the sponsored property. For these reasons, the current study will focus within the realm of sports sponsorship.

THE LITERATURE GERMANE TO THE CURRENT STUDY

At the most fundamental level, the sponsored property receives resources in the form of rights fees from the sponsor. This obligation to the sponsored property may be in the form of cash, value-in-kind (VIK), or a combination of the two (Nickell and Johnston, 2020). Thus, their benefit tends to be straight-forward and measurable. In return for these rights fees, the sponsor seeks a sufficient return on its sponsorship investment (ROSI). While there are numerous objectives that are relevant to a sponsor, the reality is that it typically focuses on the sponsor's bottom line. But are there other beneficiaries? While there is an abundance of literature on sponsorship, the current study focuses on two particular studies; one depicted a model of the sponsorship environment, and the second focused on the benefits associated with the SCOTUS decision that opened new doors, including sponsorship opportunities for gambling organizations.

The initial study by Bruneau and Fullerton (2018) resulted in the formulation of a model that depicted the sports-based sponsorship environment. The model identifies four beneficiaries, not simply the sponsor and the sponsee (the sponsored sports property). The two additional beneficiaries are the spectators and society-in-general. Within this model, 12 specific linkages were documented among the four groups. In essence, each party potentially provided each of the other three parties with some discernable benefit. While the most identifiable benefits are those that can be classified as tangible, a number of intangible benefits were documented as well. Examples of tangible benefits include rights fees paid to the *sponsored sports property*, promotional giveaways that are distributed to the *spectators* at the sports venue, improved new venues for participation sports for *society-in general*, and new avenues for promotion and distribution of their products for the *sponsor*. So, all four parties may accrue tangible benefits. But the research also identified numerous intangible benefits that accrue to each of the four parties that comprise the sports-based sponsorship environment. Among them are increased awareness of the *sponsored sports property*, an improved viewing environment for those *spectators* comprising the live audience, a community's sense of pride for *society-in general*, and enhanced customer loyalty for the *sponsor*. In total, across the 12 linkages delineated in the model, there were 159 identified benefits for the four parties. So, four potential beneficiaries of a sports sponsorship have been identified. They are the sports entity, the sponsor, the spectator, and society-at-large. The authors of that study characterized the four beneficiaries as the four *S*'s. Each entity provides benefits to the other three, thus benefits flow in both directions. In other words, not only does the sponsor provide benefits to the sponsored sports property, but the sports property concurrently provides benefits to the sponsor. As such, the model that maps the relationships among the four beneficiaries comprises 12 direct relationships. Figure 1 illustrates this model of the sports-based sponsorship model.

Figure 1. Current Model of the Sports-Based Sponsorship Environment (4 S's)



While it was noted earlier that sports have garnered some 70 percent of the rights fees paid to sponsees over the past few years, a major ruling by the Supreme Court of the United States (SCOTUS) in 2018 is thought to have potentially provided the impetus for that number to surge even higher, and that presumption does appear to have come to fruition. Since 1992, the Professional and Amateur Sports Protection Act (PASPA) had imposed significant limitations on one's ability to place a legal wager on the outcome of a sports event. The 2018 ruling essentially stated that PASPA ran contrary to the United States Constitution (Corbett, 2020; Dorson, 2020). As a consequence, gambling on sports events became more readily available to the public. Casinos without a sportsbook added one. Fantasy organizations such as DraftKings and traditional casinos such as Caesars added online sportsbooks (as well as other virtual gaming opportunities). Casinos in states that did not allow sports betting such as MotorCity Casino in Detroit added sportsbooks. The ability to place a wager on a variety of sports outcomes has become virtually omnipresent in the United States. The residual effect was widely anticipated and quick to occur. Gambling organizations began to sponsor sports entities. Teams, leagues, organizations, sports venues, and individual athletes are common beneficiaries of this form of sponsorship. This reality leads to the second major study germane to the current research project.

After the SCOTUS ruling striking down PASPA, a study published in *The Journal of Gambling Business and Economics* in 2020 identified 14 potential beneficiaries that fell into four identifiable categories. It was further stated that there was a total of 201 potential benefits that might well accrue to the 14 beneficiaries (Fullerton, McCall, and Dick, 2020). In the two years subsequent to that publication, it is apparent that many of the anticipated benefits have indeed materialized. Given this reality, one key question has come to the forefront. Are the two studies, one that examined sports sponsorship in general and the other that forecast anticipated changes in the gambling industry in light of the ruling by the United States Supreme Court compatible? In other words, are the benefits, and the beneficiaries, as noted in the study focusing on changes in the US gambling laws consistent with the earlier model of the sports-based sponsorship model?

RESEARCH OBJECTIVES

The current study has two qualifying objectives and one primary objective. The initial qualifying objective is that of determining whether or not gambling organizations are aligning themselves in sponsorship deals with sports entities in the same manner as are nonsports entities. Is there sufficient evidence that these gaming entities are engaged in each of the four forms of sponsorship: traditional, venue naming rights, endorsements, and licensing. If confirmed, then the task turns to the second qualifying objective, that of further determining if these gambling-based sponsors are involved with all six subcategories of sports entities: teams, leagues, athletes, events, venues, and associations. Essentially the two qualifying objectives are predicated upon the need to document participation within the realm of sports-based sponsorship by gambling entities which is in line with what is occurring among nongambling sponsors. If confirmed, the primary objective can then be addressed. This primary objective is the determination of the extent to which the model of the sports-based sponsorship environment is consistent with the anticipated benefits that were deemed likely to occur as a result of the SCOTUS ruling striking down PASPA.

METHODOLOGY

Answers to the questions put forth in the preceding Research Objectives section rely extensively on secondary data. To determine the existence of gambling-based sponsorships for the four forms of sponsorship, an Internet search using various search terms was undertaken. In order to determine if gambling entities were involved in the sponsorship of each of the six subcategories of sports opportunities, additional Internet searches using appropriate search terms were undertaken. The comparison of the two key studies first involved the delineation of the perceived and potential benefits articulated in those studies. Then the potential benefits that were identified in the article regarding the striking down of PASPA were subjected to scrutiny by a team of experts. This team included five professors of sports marketing – three from the United States where sports-based sponsorship by gambling entities is a new phenomenon and two from countries where the sponsorship of a sports entity by a gaming organization has long been an acceptable practice. One of these professors is from Australia whereas the second professor is from South Africa. Then feedback was provided by a professional gambler who is actively involved in poker and sports betting. The final step was to gather more primary data using a team of sports marketing practitioners. The team of experts providing the final level of feedback comprised the Vice President of Marketing for an NHL team, the Director of Marketing for an MLB team, the former Vice President of Marketing of an OHL (Ontario Hockey League), and the Tournament Director of a PGA Tour event. These experts were provided with the revised list for each of the 12 linkages delineated in the original model and asked for feedback – any benefits omitted or any listed that perhaps should be deleted. The final list was then compiled. With this information in hand, the original model was evaluated, and the primary research objective was addressed.

RESULTS

Efforts to assess the ever-evolving sports-sponsorship environment began by first focusing on the two qualifying objectives. If these efforts failed to confirm the fact that the gaming industry was taking advantage of all four forms of sponsorship as well as the six subcategories of sports-based sponsorship, then this project would end prematurely without ever getting to the primary objective. Albeit it could be stated that the primary objective had in fact been achieved by virtue of the determination of the lack of congruency between the benefits delineated in the discussion of the general sponsorship model and the benefits associated with the gambling-based sponsorship initiatives. So, scrutiny begins with an assessment of the two qualifying objectives by determining how the gaming industry has – or has not – implemented sports-based sponsorship strategies in the aftermath of the 2018 SCOTUS ruling that struck down PASPA.

The Sports-based Sponsorship Environment

The sports-based sponsorship environment was ostensibly presumed to comprise four specific categories of beneficiaries. Our look at this dynamic environment begins with a brief overview of these four categories – or what the original authors characterized as the Four *S*'s. As such, the focus is now directed towards the original model as put forth in 2018 and illustrated in Figure 1.

The Four Beneficiaries as Articulated in the Bruneau and Fullerton Model (2018) – Otherwise Known as the Four S's

As earlier noted, the model that sought to conceptualize the nature of the relationships that exist within the sports-based sponsorship environment identified four specific sets of beneficiaries. Foremost among the four parties is the ***sports entity*** in which the sponsor is investing. Within the category of sports entities that present sponsorship opportunities, there are six subcategories which are commonly sponsored. These subcategories include a team, a league, an individual athlete, a venue, an event, and an association. An example for each category is shown in Table 1. The table identifies both the sponsored sports entity and the nongambling-based sponsor that is a marketer of nonsports products.

Table 1. Examples of Sponsorship for Each of the Six Subcategories within Sports

Subcategory	Sponsored Sports Entity	Sponsor
Team	New Zealand All Blacks	AIG
League	National Football League (NFL)	Bud Light Beer
Individual Athlete	LeBron James	mtn Dew Rise (PepsiCo)
Venue	Los Angeles (Inglewood) NBA Arena	Intuit
Event	NCAA Sugar Bowl Game	Allstate Insurance
Association	FIFA	Qatar Airways

The second, and also obvious, beneficiary is the ***sponsor***. There are four common forms of sponsorships in which a sponsor can invest. These four types of sponsorship opportunities are the traditional sponsorship, venue naming rights, endorsements, and licensing (Fullerton, 2022). *Traditional sponsorships* are those straight-forward relationships where the sponsor is routinely recognized as a sponsor. *Venue naming rights* are commonly referred to as building sponsorships (Barnes, 2003) whereas *endorsements* are often characterized as personal sponsorships or personality sponsorships. *Licensing* is not known to have been assigned a nomenclature that specifically includes the word sponsor, but it is generally recognized as a special form of sponsorship because one entity pays the other for the right to use the sponsored entity's intellectual properties in the implementation of their own (the sponsor's) marketing strategy. This strategic execution is typically a product or a promotional component of the sponsor's integrated marketing communications (IMC) plan. Why would companies invest the money they are committing to a relationship if they were not going to achieve some benefit with a likely focus on ROI? Thus, the resources committed as rights fees to the sponsee are viewed less as an expenditure and more as an investment. Table 2 provides an example of a current relationship between a sponsored sports entity and a sponsor that markets nonsports products for each of the four common forms of sponsorship.

Table 2. Example of Current Partnership for Each of the Four Forms of Sponsorship

Form of Sponsorship	Sponsored Sports Entity	Sponsor
Traditional	PGA Golf Championship	FedEx
Venue Naming Rights	Las Vegas NFL Stadium	Allegiant
Endorsement	Patrick Mahomes	State Farm
Licensing	FIFA	EA Sports

The penultimate beneficiary in a sports sponsorship relationship is the ***spectator***. The fans of a sponsored sports entity, those in both the live audience and the media-based audience, potentially benefit from the relationship between the sponsor and the sponsored sports entity. There are a number of benefits, mostly intangible, that the fan derives from a sponsorship, even if it is one of the three special forms of sponsorship. The fourth and final beneficiary is ***society-at-large***. Even those individuals who are not fans of the sponsored sports entity, or perhaps not even interested in sports, can potentially derive some benefit from a sports sponsorship. The focus of this project is to identify the multiple links that demonstrate the mutually beneficial relationship for each pair of entities in the model. In other words, the spectator and society-at-large also provide benefits to each other. The sports sponsorship environment is not confined to the more obvious relationships between the sponsor and the sponsee.

While the model that is illustrated in Figure 1is presumed to capture the essence of a sponsorship involving a sports property and a marketer of consumer products outside of the gambling sphere, it begs an answer to one question. Is that model still relevant when the sponsor of the sports product is a gambling entity? In other words, are the relationships that are apparent in a sponsorship such as Kia/Hyundai's sponsorship of FIFA consistent with the relationships that are in evidence within the sphere of gambling such as MGM Resorts' sponsorships of the NFL, MLB, and the NHL? To answer that question, there must be a concurrent examination of the gambling environment. That need takes us to the aforementioned study on the anticipated changes resulting from the SCOTUS ruling striking down PASPA, thereby opening the door for gambling institutions to become involved in the sponsorship of myriad sports products.

Gambling and the Sports Environment

As noted earlier, the 2020 article that appeared in *The Journal of Gambling Business and Economics* identified 14 potential beneficiaries that fell into four identifiable categories (Fullerton, McCall, and Dick, 2020). These four categories were the gaming industry, the sports organization, traditional sources of revenue, and the eclectic category of other nonsports entities. Of note is the fact that society-in-general appeared in the "other nonsports entities" category whereas fans and sponsors both appeared in the "traditional revenue sources" category. So, while the four broad categories of beneficiaries were not the same as those identified in the original model, all four of the original categories were included in the study on gambling. And of course, the gaming industry is the sponsor in these cases, so there is a degree of congruence with the two characterizations of sponsorship and gambling. It was further stated that there was a total of 201 potential benefits that might well accrue to the various beneficiaries (Fullerton, McCall, and Dick, 2020). The issue at hand is that of determining whether or not the underlying principles documented in the two studies are congruent. Are the benefits that were identified in the gambling study consistent with those identified in the study that gave us the sports-based sponsorship model? Prior to answering that question, it was deemed essential to examine the data pursuant to addressing the two qualifying objectives. There is an inherent need to verify that the same types of opportunities have been utilized by sponsors that fall within the gambling industry as we have seen in those cases where the sponsor is a marketer of nonsports products such as fast food or financial services. The initial evidence regarding the similarity of the environments for gambling-based and generic sponsorship is based on the identification of a gambling-based sponsorship in each of the four forms of sponsorship. Table 3 documents the existence of a gambling-based sponsorship for traditional, venue naming rights, endorsements, and licensing agreements. Many additional examples are in evidence for each of the four forms of sponsorship. Therefore, it is evident that gaming entities are involved in all four forms of sponsorship with an array of sports properties. Thus, the first preliminary objective has been achieved. Gambling-based sponsors are involved in all four forms of sponsorship of sports entities.

Table 3. Examples of Sports-based Sponsorship by Gambling Entities

Form of Sponsorship	Sponsored Sports Entity	Gaming Sponsor
Traditional	New York Jets (NFL)	888 Casino
Venue Naming Rights	Ford Field (NFL Detroit)	WynnBET
Endorsement	Drew Brees (Retired NFL)	PointsBet
Licensing (Tentative)	ESPN	Caesars Entertainment

In order to further document the similarities between the two categories of sports-based sponsorships put forth in the two studies – gambling industry sponsors and sponsors across all industries – a successful effort was made to identify a gambling sponsor for each of the six subcategories that exist within the set of opportunities provided by various sports entities. Of particular note is the surge in 2021 of endorsement deals between athletes and sportsbooks, many of which have only recently transitioned into this segment of the gambling industry. Notable endorsement deals include the Manning family (Archie, Peyton, Eli) and Caesars and the relationship between Wayne Gretzky and BetMGM. But beyond the sponsorship of individual athletes, gambling organizations have become involved in sponsorships within the other five subcategories of sports. This reality is documented with a list of examples provided in Table 4.

Table 4. Examples of Sponsorships by Gambling Entities for Each of the Six Subcategories of Sports Entities

Subcategory	Sponsored US Sports Entity	Sponsor
Team	Dallas Cowboys (NFL)	WinStar Casino
League	NBA	FanDuel
Individual Athlete	Shaquille O'Neal (Retired NBA)	WynnBET
Venue	Capital One Arena	William Hill
Event	Fiesta Bowl (NCAA Football)	Caesars Entertainment
Association	UFC	Fox Bet

Based on the comparison of the results presented in Tables 1, 2, 3, and 4, it is apparent that the two environments are fundamentally similar. For both gambling-based and nongambling-based sponsorships, there are noteworthy examples for all four forms of sponsorship, and within the sports category, there are both gambling-based and nongambling-based sponsorships in evidence for all six subcategories of sports entities. With this information in hand, focus can now shift to the primary objective of the current study. In order to accomplish this objective, the task turns to a more detailed examination of the benefits provided to the various parties as delineated in the two key studies that form the bases for the current study. In order to accomplish this task, a decision was made to determine how well the benefits identified in the PASPA study correspond to the directional flow of benefits associated with the 12 linkages identified in the earlier study that developed a model of these interactions within the sports-based sponsorship environment irrespective of the industry in which the sponsor operates.

An Examination of the 12 Linkages in the Sports-based Sponsorship Model

As delineated in Figure 1, the four beneficiaries in the sports-based sponsorship model are the sport (sponsee), the sponsor of the sports entity, spectators, and society-in-general (irrespective of an individual's fandom). With each party providing benefits to the other three parties, there are 12 directional linkages apparent in the model. To assess the congruence between the sport-based sponsorship model and the benefits accruing to multiple organizations as a result of the SCOTUS ruling overturning PASPA, an examination of the 12 linkages was undertaken. This process required the panel to assess each benefit delineated in the PASPA study so as to determine the flow of benefits from one party to another. Thus, we begin by looking at each pair of parties with the most relevant starting point being the relationship between the sponsor and the sponsee. It should be noted that the focus is on benefits, and not the components of a sponsorship agreement. So, while the sponsor may have category exclusivity, the question is how does that – and the set of components provided by the sponsored sports entity – provide an identifiable benefit to the gambling-based sponsor and the other three parties embedded within the model. Those benefits that were identified in the PASPA article, but not germane to one of the four parties in the original model were placed in the category of non-assigned benefits. This non-assigned classification simply means that the benefit under scrutiny does not fit within the parameters of the original model. These results are provided in the following assessment as to the flow of benefits pursuant to the 12 designated linkages in the original model. The designated benefits for each linkage will simply be presented in the format of a bullet point list for each linkage. Before proceeding to this next step in the research, it should be noted that the list of benefits germane to each linkage included several of the subcategories within the broad category of sports. This breaking down of the sports category recognizes that there are multiple entities that comprise the category of sports, therefore, the term was broadened to that of "Sports Entity." This adjustment reflects a slight departure from the original model that simply used "Sport" as one of the four primary components of the sports-based sponsorship model.

Benefits Provided by the Gambling-based Sponsor to the Sponsored Sports Entity (38)

- integrity fees/royalties
- revenue from provision of official league/team/event data (e.g., injury reports)
- revenue from new government-sanctioned lottery games
- revenue from new sponsorship opportunities
- naming rights fees for proprietary (e.g., gaming) facilities at venue
- advertising revenue
- higher broadcast rights fees due to larger media-based audience
- expanded product portfolio
- increased fan avidity
- larger live audience
- larger media-based audience
- creation of global audience with fewer geographic constraints
- venue-based betting opportunities
- gambling suites – designated seating with gambling kiosks in the sports venue
- endorsement opportunities for athletes (especially retired (e.g., Brett Favre))
- proprietary betting apps
- cross-promotion opportunities
- interactive opportunities
- more knowledgeable fan base
- greater awareness of the sports entity
- performance recognized
- encourage maximum performance
- increased interest among soft fans
- lengthened viewership when final outcome (win/lose) is no longer in doubt
- micro-interest (in-game micro-betting (e.g., will this player make upcoming penalty shot?))
- "personality-driven" betting
- more interest by bettors in streaming alternatives
- increased buzz on social media
- events and games shown live at legal sportsbooks
- free promotion of games and events at legal sportsbooks
- gambling-related advertising on league networks (e.g., MLB Network)
- reach more diverse demographic base (particularly age)
- increased interest for smaller/niche sports entities (e.g., FIVA and USA Rugby)
- profit sharing
- higher value of sports franchises
- increased salary caps

- greater interaction between fans and athletes
- meaningless games in standing retain value as betting opportunities

Benefits Provided by the Sponsored Sports Entity to the Gambling-based Sponsor (23)

- co-branding opportunities (e.g., FanDuel and MotorCity Casino)
- licensing opportunities (e.g., Caesar's and ESPN)
- greater demand for services produces increased revenue
- better leveraging/activation opportunities for gambling-based sponsor
- potential to use sports entity's intellectual properties (e.g., logos and trademarks)
- access to larger customer base
- capitalize on latent demand
- draw new customers who have not been active
- new platforms for sponsoring sports entities (e.g., like seen in Europe)
- fantasy sites w/ more brand equity benefit by adding virtual table games/slots (DraftKings)
- nongambling sponsors adding gaming products to their traditional product lines (Disney)
- more positive image for the gaming industry (i.e., particularly the gambling sponsor)
- more viewers increase exposure value associated with sponsorship (increased ROSI)
- enhanced engagement with bettors
- easier access to casual gambler
- "bettable information" provided by sports entity attracts bettors (e.g., for micro betting)
- drawing bettors from illegal side of the gambling environment
- drawing bettors from offshore alternatives
- lower labor costs with venue-based betting kiosks
- more information on bettors for CRM programs
- demographic and behavioral data of bettor gathered via gaming apps
- early entry opportunities in eSports
- new buzz for mature industry

Benefits Provided by the Gambling-based Sponsor to the Spectator (14)

- enhanced information content
- real-time betting opportunities based on informational updates
- more in-game betting opportunities
- more micro-betting options
- more prop bets available (e.g., Will the coin toss be heads or tails?)
- Native American casinos offering tax-free winnings to fan
- vicarious form of support
- more excitement (higher involvement)
- increased giveaways (from gambling sponsors)
- non-betting fans have better information
- easier access for placing a wager
- fewer geographic constraints for placing wager
- more streamlined and personal experiences
- discounted/complimentary amenities

Benefits Provided by the Gambling-based Sponsor to Society-in-General (10)

- higher stock prices for investors
- reduced burden for infrastructure upgrades (e.g., because of tax revenues)
- free-to-play games
- helpful information
- enhanced social media
- news stories over media
- enhanced fantasy sports
- fewer law enforcement issues to deal with
- easier to detect fraudulent activity
- many benefits accrue to Native Americans

Benefits Provided by the Sponsored Sports Entity to the Spectator (5)

- betting programs on various media (e.g., ESPN's Daily Wager)
- betting oriented blogs (e.g., Caesar's Sportsbook Blog)
- more sports programming available
- gaming apps
- improved telecom capabilities

Benefits Provided by the Sponsored Sports Entity to Society-in-General (5)

- greater transparency
- more entertainment (e.g., peripheral product)
- new lottery games
- new employment opportunities
- less reliance on government funding

Benefits Provided by Society-in-General to the Spectator (4)

- venue upgrades – including new facility from shared revenue
- more situational information
- more assistance for those dealing with addiction/obsession
- social opportunities/affiliative reference groups

Benefits Provided by the Spectator to the Gambling-based Sponsor (3)

- increased customer base
- increase in number of casual gamblers
- increased impulse betting

Benefits Provided by the Spectator to Sponsored Sports Entity (3)

- higher attendance
- larger media-based audience
- revenue from admission fees to gaming areas at venue

Benefits Provided by the Spectator to Society-in-General (2)

- gambling-generated tax revenue reduces burden on citizens of community
- money coming from outside local borders

Benefits Provided by Society-in-General to the Sponsored Sports Entity (1)

- shared funding for stadium

Benefits Provided by Society-in-General to the Gambling-based Sponsor (1)

- customer base

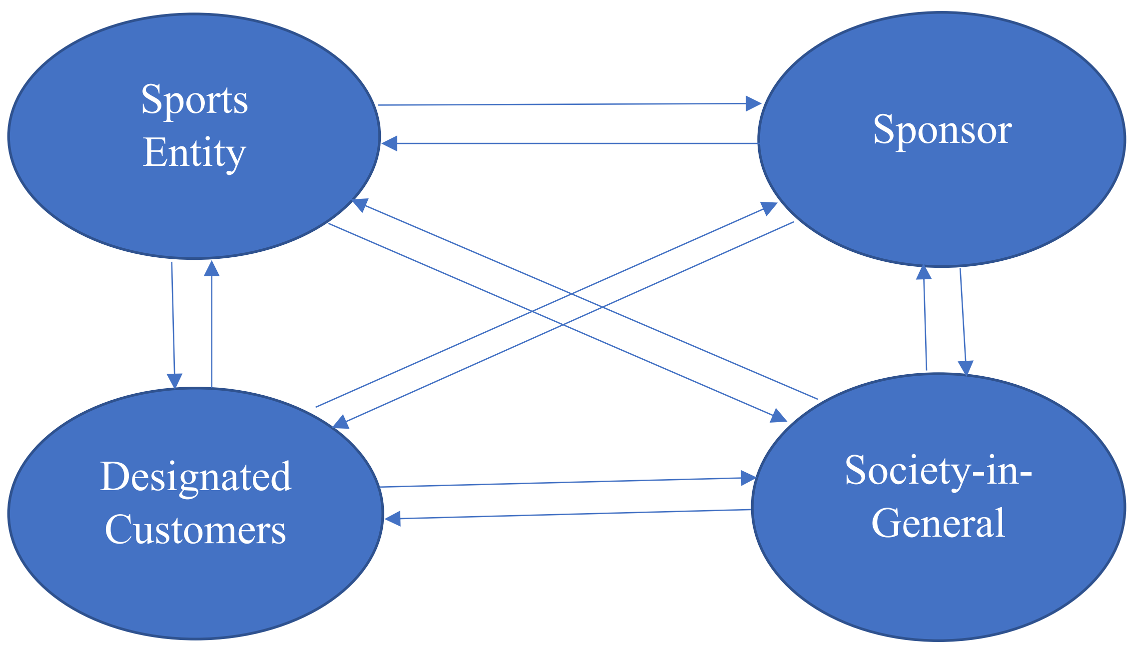
DISCUSSION

The first commentary addresses the fact that gambling organizations have become actively involved in sports-based sponsorship since the SCOTUS ruling that struck down PASPA in 2018. In this regard, there is ample documentation that legal gambling organizations have invested in all four forms of sponsorship: traditional, venue naming rights, endorsements, and licensing. These gambling institutions that have looked to sports as a basis for investing in a sponsorship have consummated deals within all six subcategories of sports entities available to them: team, leagues, events, players, venues, and associations. So, the two qualifying objectives have been satisfied; as such, the evidence indicates that there are basic similarities between the sponsorship environment for non-gambling and gambling-based sponsors within the realm of the sports industry.

The next step was to determine if the benefits delineated in the 2020 article in the *Journal of Gambling Business and Economics* corresponded to the 12 linkages put forth in the model that sought to better understand the interactions and benefits among the four primary components within that model: sport, sponsor, spectator, and society-in-general. The authors referred to these four entities as the 4 *S*'s (Bruneau and Fullerton, 2018). Of the 201 benefits delineated in the PASPA article along with 13 others generated by the panel of experts, a total of 109 of the benefits could be directly attributed to one of the 12 linkages. Many additional benefits were not assigned accordingly (placed in the non-assigned category); in most cases, this designation was because the beneficiary did not fit neatly into one of the four original categories within the original model. Still, it is important to note that there was an identified flow of benefits for each of the 12 linkages. Not surprisingly, the most active linkages for the flow of benefits were from the gambling-based sponsor to the sports entity and in the reverse order from the sponsored sports entity to the gambling-based sponsor. More than half of the assigned benefits (55.96%) were associated with those two linkages. Thus, these finding also support the premise that the environment in which the gambling-based sponsor operates is similar to the environment in which nongambling-based sponsors operate. But while similar, they are perhaps not identical. So, how might these discrepancies be reconciled or otherwise addressed?

The initial step towards creating a single standardized model that conforms to both the gambling and the nongambling sponsorship is to simply change pertinent terminology. This step was already taken in the early stages of this paper. While recognizing that the linchpin for the original model was characterized as "Sport," the decision to make it more comprehensive was applied. Rather than that entity being narrowly defined as a "Sport" such as rugby or soccer, it was reclassified as a "Sports Entity." While this sports entity could still be a sport, it could also be one of the six subcategories. A second modification concerns the "Spectator" component of the model. This designation looks solely at the fans who witness a sports event as a member of either the live audience or the media-based audience. The shortcoming with this designation is that there are other individuals who should be taken into account. When the sponsor is a gaming institution such as an online sportsbook, the sponsorship may well provide benefits to the bettor. As such, this deficiency could be addressed by renaming it "Designated Customers." This title not only includes spectators, but also several other segments that comprise the aggregate market. Most importantly, it includes the bettors who were shown to reap substantial benefits from a gambling-based sports sponsorship. These two changes provide a slightly different model, but one that still features 12 directional linkages across four primary components. As such, Figure 2 illustrates the model with the revised terminology, but with the same 12 linkages.

Figure 2. A Slightly Revised Model of the Sports-based Sponsorship Environment



Where to Next?

While the modest changes in terminology reflect a degree of congruency when comparing the gambling-based and the general sponsorship environments, it does not eliminate all of the concerns about inconsistency. Recall that there were 14 beneficiaries identified in the PASPA study. While some fit neatly into the four original categories, others do not. One beneficiary that was greatly impacted was the media. This category not only included traditional broadcast media, but also others such as streaming on smart devices and social media. Another set of beneficiaries was the gaming industry. Even those gambling entities which are not involved in sports sponsorship were seen as benefitting from the changes in the industry that does anticipate numerous gaming entities investing to sponsor a variety of sports entities. A third category of beneficiaries was the telecommunications industry, especially as it related to smart phones, apps, and streaming. Some might argue that the telecommunications industry fits within the media category, but others would argue that it represents a category in its own right. The fourth additional beneficiary was the Native American Indian Tribes. The Native American Indians are actually well represented in two of the original categories. Because the tribal nations are deeply involved in the casino industry, they might well be gambling-based sponsors of sports entities (e.g., the Miccosukee Indian Tribe and MLB's Florida Marlins). They also represent a meaningful segment of society-in-general. And of course, those Native American tribes that are involved with casinos fall within the realm of the gaming industry. Regardless of their categorical status, many benefit from improved infrastructures, employment opportunities, and educational opportunities among other benefits as they use their gambling revenues to improve their way of life. Finally, there are myriad benefits that accrue to the various governments. But one perspective might well be that the government entities are not participating in the sponsorship environment, rather they are an external component, albeit they do establish many of the gambling laws while concurrently reaping myriad benefits, most revolving around revenue in the form of taxes on gambling takes and spending by gamblers on goods and services within the hospitality industry. It could also be argued that the governmental entities are part of society-in-general. Clearly there is a need to reexamine the beneficiaries and the flow of benefits among those beneficiaries that are deemed to be integral components of the sports-based sponsorship environment.

Given these incongruent issues, it can be argued that the original model of the sponsorship environment needs to be updated and improved. But the question is one of determining which additional components should be added to the original four while concurrently delineating the relevant directional linkages among the components added to the model. It is also conceivable that better terminology can be introduced that better captures the essence of the final components of the revised model. In the eyes of the authors of this study, this task should be the next focus.

CONCLUSIONS

It appears that the sponsorship environment is more complex than was envisioned in the original model that comprised four distinct components with 12 directional linkages. While there are many similarities when comparing the results of the two studies that were the focus of the current project, it was far from a perfect match. Perhaps the initial model was incomplete by failing to acknowledge other classes of beneficiaries. Changes in terminology can rectify some of the shortcomings of the original model. In those cases, it may be as simple as changing a word or two. Where it becomes more problematic is that there may be additional components beyond the original four that play a role. Perhaps these categories of beneficiaries, along with directional linkages should be incorporated within a revised model. Care should be taken so that any updated version of the model will not be construed solely as a model of the gambling-based sports sponsorship environment; that is to say that it should encapsulate all sports-based sponsorship scenarios. This inclusion takes both gambling-based and nongambling based sponsors into consideration. So, while much work has been done in an effort to add clarity to the inner workings of the sports sponsorship environment, that task is far from complete. Interested researchers should focus their efforts accordingly as sponsorship is fast becoming a key component of a marketer's integrated marketing communications plan.

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