

## SPORTS SPONSORSHIP – MEANS OF COMMUNICATION

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### Abstract:

*Sport sponsorship represents, nowadays, an indispensable way of attracting additional funds that grants sports development, an important factor in the very existence of sports entities, sportsmen and sports events. That is why sponsorship aims at occupying a first-rate place in sports organizations' marketing activity. It is also an important means of communication that allows companies to promote their brand or products by associating them with sport events.*

*In Romania the Law of sponsorship had, in the course of time, since the overthrow of communism in 1989, an agitated history characterised by repeated changes that several decrees came to pass. Besides general aspects related to sports sponsorship the article discusses this issue too.*

**Key words:** sponsorship, sports, sponsor, sponsored organization, sports event

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### 1. Sponsorship – general considerations

Sponsorship is a first rank marketing technique, hence a communication technique, whose evolution was impressive in the 90' when its content and forms of manifestation improved. As a means of communication and component of promotion meant to attract further funds for sports development sponsorship allows a direct association between a company's brand and an event attractive to a certain category of audience. The world of business, companies in all fields of activity prosper by using sport, in its capacity of a universal activity and language, as well as the image of sports stars as instruments of promoting their products, services, ideas and image.

Etymologically the word *sponsor* comes from Latin, meaning a guarantor for someone (DEX, 1998). In American English, according to *The American Heritage Dictionary of English Language* (2000) the word is defined as: *One that finances a project or an event carried out by another person or group, especially a business enterprise that pays for radio or television programming in return for advertising time.*

Considering the importance of the component elements of sponsorship, the sponsor, the beneficiary of sponsorship and the target group, Sahnoun (1992:14) defines the concept as being *an instrument of communication that makes it possible to directly connect a brand or a company with an event, attractive for a special type of audience.*

In sport, sponsorship represents, according to the most exact definition, given by the European Ministers responsible for sport at their meeting occasioned by the third Conference held in Palma de Majorca on 8–10 April 1981, *the agreement under which one of the parties – the sponsor – supplies material, financial or other benefits to another – the sponsored – in exchange for its association with a sport or sportsman for advertising, especially television advertising purposes* [Ministerul Tineretului și Sportului, (1991):38].

Virgiana Opreșan notices (2002:176) that sponsorship was defined differently by the authors in the field, depending on the referential points which can be:

- either the sponsor, in which case: *Sponsorship is a technique of communication which allows the company to associate its brand with a sports event generated or accomplished by it, with the purpose in view of turning it into profit through the instrumentality of a traditional advertising global action.* (Fabre and André, 1984, *apud* Opreșan 2002:176);

- or the beneficiary of the sponsorship: *Sponsorship consists in the financial or in kind support of a team, sportsman or event.* (Roufiac, 1976, *apud* Opreşan 2002:176);

- or the event, according to which sponsorship implies, as Gianelloni, J.L. notices in *Contribution à l'étude du mode d'influence de la communication par l'événement: the bringing into being of some events that generate a promotional and advertising exploitation, contribute to notoriety and make use of the sponsor's image and concept* (*apud* Opreşan 2002:176).

Sponsorship in sports, alongside with broadcasting and the use of the sportsmen's and brands' image, became more and more visible, at the level of local, national, international sports organizations, during the 1980s when the rather new concept of *sport marketing* draw attention and was defined as *The total number of activities meant to satisfy the necessities and desires of the sport consumers by exchange processes* [Mullin *et al.*, (1993):6 *apud* Opreşan, (2002):38].

The growing interest for sports sponsorship, obvious during the last decades particularly for football, tennis, rugby, Formula 1, Olympic Games, does not have to impede upon the sports organization's policy of marketing, which, incidentally, the literature of specialty does not mention. Virginia Opreşan presents (2002:41) a possible typology of sports marketing depending on:

- *the sports product or service* in which case we deal with: – the marketing of sports product, the marketing of sport services, the marketing of sport contest;

- *the consumer's involvement* – the marketing of the direct participant (sport star, professional sportsman, active participant in sport, circumstantial direct participant), the marketing of the sport spectator, the marketing of the collector of sports souvenirs;

- *the types of organizations in sports industry* – the Olympic marketing, International and National Sports Federation, the marketing of the sports clubs, leagues, companies in sports industry, etc.

Sport brings large profits to the business world which uses it as a promotional vehicle. Profitable or non-profitable organizations in all fields use sport, in its capacity of a universal activity, as means of promotion for their products, services, ideas or images.

Through the agency of sponsorship the sponsor is granted certain rights:

- the right to exclusive association with a product or service;
- the right to associate the sponsor's name with a sport event or sports centre;
- the right to use certain denominations that show the relation with the event or product;

the International Olympic Committee, the Committee of the Olympic Games Organization and National Olympic Committees allow the sponsors to use names such as – *official partner, official sponsor, official product, official supplier, presenter, supporter* – in relation to the respective sports events;

- the right to convey messages (by posters, leaflets, advertising, press-conferences, direct mail etc.) in the frame of the communication process.

By sponsorship, which developed from a type of advertising based on sports events to the statute of a large investment that serves the purpose of attaining objectives, companies have the privilege of reaching the targeted groups in a more direct and simpler manner. The results of a sponsorship campaign can be translated in:

- improvement of one's own image and gain in notoriety;
- positive perception of the company by audience;
- company's involvement in the community's life;
- media profits;
- advantages over the competing companies;
- gaining the goodwill of the leaders' of opinion;
- growing of sales.

From the sponsor's point of view, sport sponsorship is considered, in marketing literature, as a means of *promotion by sport*; from that of the sponsored organization it is a means of

*promotion of sport*, because of its importance in achieving the marketing and communication goals, characteristic to sports organization, through the instrumentality of the same channels used by sponsor, namely the event and media. The main goal of both the sponsor and the sponsored organization is to influence common categories of public.

Sponsorship implies three elements – the sponsor, the sponsor's organization, the event by which the public is addressed.

The event is used by both the sponsor and sponsored organization as a communicational channel by which they address messages to the targeted audience through the agency of some instruments of communication and according to a communicational strategy. From the point of view of the sponsored sports organizations the sport event is, on one hand, a product having characteristics specific to sport, and, on the other hand, a means of communication. The event is sold to both the public, by media, and to the sponsor, considered to be *the first customer* who is offered a potential product. [Oprışan, (2002):180]. In this way, media and audience become component parts of sponsorship. The former presents, broadcasts, speaks about the event, amplifies the messages addressed to the public and draws attention upon the sponsor, whose major benefit is free advertising, the latter intercepts the messages from the two sources, the sponsored organization and the sponsor.

## **2. Factors that contributed to the development of sponsorship in sport**

Companies that used to allot important amounts of money for written or broadcasted advertising realised that the ever growing squash on the market and, moreover, the costs began to be exorbitant. The use of sports as means of communication, through the instrumentality of sponsorship, was a more efficient and often less expensive alternative to the traditional advertising campaigns. This was an important factor that contributed to the development of sponsorship in sport as, by means of sponsorship, the message meant to be transmitted was related to an event which rendered it more credible, dynamical, more likely to be better intercepted.

The interest media took in sports events also influenced upon the increasing importance of sponsorship firstly because of the reduced costs of broadcasting sports events as compared to those implied by producing shows. Individuals' interest in sports and in a more active way of life, cable television networks, broadcasts by satellite, private televisions that made it possible that events should be transmitted live are all factors taken into account in favour of sponsorship as a means of communication by sports.

The companies' interest in activities able to improve the consumers' perception with regard to their products and the changes in the policy of financing sports events made the commercialization of sport became imperative and inevitable.

Marketing globalization was another factor that enhanced the development of sponsorship particularly in the field of sports where it is considered as an ideal means of intercultural communication by which multinational companies could surpass the difficulty of addressing to different cultures and languages and reach the target groups. On the other side, as sports organizations adopted the techniques of marketing they entered into association with commercial companies in order to reach their own goals.

Sponsorship is the most visible component of the marketing mix, and plays a critical and active role in affecting or influencing the consumers' opinion on the sponsor's brand. In general, it offers a great opportunity to both sponsor and the sponsored organization to build upon each others strength and growing reputation throughout the world. What sponsorship provides are the numerous opportunities for exposure, including promotional materials for an event, signage, on-site booths, cups and servicing items, premiums/give-aways and verbal mentioning by commentators. Sponsorship is meant to develop a heart to mind connection; relying on the emotional power of an event, league or a sportsman's personality, a sponsor can create a strong

tie between his brand and the fans. The frequent appearance of a brand name or logo turns the company into part of what that personality, event, or league represents. Sponsorship usually creates a stronger tie with fans than advertising. The effectiveness of a sponsorship is measured by three elements: media exposure, awareness and purchase, and commitment; the importance of these three elements varies in accordance with the sponsorship's scope and duration. In general, no sponsor can expect to win the affection of consumers instantly. As a rule, it takes between three to five years for the results of sponsorship, increases in brand awareness and commitment, to appear. For one-time sports events, awareness and media exposure are the key aspects since commitment cannot be built with single events. It combines both attitudes and emotion and has the ability to predict future behaviour because the more committed a fan is, the more he or she is prepared to spend.

Sponsorship of sport or other events is, besides an essential element in the marketing mix, a proven communication vehicle or medium to facilitate the relationship between the sponsor and the sport consumer, in his capacity of either an active participant or a spectator of sport. Organizing several sports events or sponsoring them makes for an excellent advertising opportunity that companies can take. A company that manufactures sports utilities can sponsor a sports tournament – which thus becomes a means of communication – to advertise its products.

The role the media, which is a filter and an amplifier at the same time, plays in sponsorship is that of a go-between by which information is conveyed.

Media can be effectively used for advertising sponsorship: on television, radio, in newspapers and magazines; on T-shirts, equipment, banderoles; on tickets, programs, invitations, posters, flags; in stations destined to public transport, as well as on the lateral parts or the back of the busses, trams, coaches; in commercial places, supermarkets; manifestations for clients or distributors; lodges of honour, saloons where sponsors can meet clients or customers; press conferences; manifestations for journalists; incentives for co-workers; encouraging co-workers to practice sports.

### **3. Sponsorship in Romania**

The overthrow of communism in 1989 brought about the change of the political regime as well as of the Romanian economy which, according the post revolutionary Constitution firstly adopted in 1991 and modified in 2003, "is a market economy". [Romanian Constitution, (1991), 2003]

Under the new political and economic circumstances, it was impossible for the Government to provide budgetary support for the cultural necessities of the society so that the cultural institutions had to look for alternative resources to finance their activities. But the only way to support the cultural or sports events with funds was that of donations. The Civil Society claimed the creation of a legal frame that should allow private financing for culture and benefits for the financier. Consequently the Ministry of Finance initiated a draft bill concerning sponsorship of activities in the field of culture, art, science, education, religion, sports etc. which came into force as Law no. 32 of May 19<sup>th</sup> 1994; it was not long before discontentment arose against the stipulations meant to bring equal profit both to the beneficiary and to the Ministry or state budget. Sponsors were displeased with the fact that the only advantages were the promoting of their name, brand or image by the beneficiary of the sponsorship through the instrumentality of the event and a 5% tax deduction. These advantages, hardly considered as attractive, determined a lack of interest in sponsorship which reflected upon the beneficiaries. It is understandable that under these circumstances sponsorship was not attractive and law had to be changed; the Civil Society, particularly the League of the Nongovernmental Organisations for supporting the Sponsorship Law had a great contribution in the settlement of a system of sponsorship advantageous, to both the sponsor and the sponsored organization. As a consequence, the Decree no. 36/1998, which embodied most of the ideas of the experts' group and by which the tax

reduction threshold was raised depending on the domain to be sponsored, passed. The domains and the percentage of deduction were:

- culture, art, health, social assistance, humanitarian actions, environment preservation – 10%;
- education, human rights, science–research, philanthropy, preservation and restoration of the historical monuments, sport – except for football – 8%;
- religion, social and communitarian, professional associations, football – 5%

The changes stipulated by this Decree never came into force because the Ministry of Finance did not endorse the instructions the ministries of each department should have offered situation which determined that the stipulations of Law no. 32/1994 should continue to be effective. The changes continued: the Sponsorship Law was modified again by Decree no. 127 of September 10<sup>th</sup> 1999 with fiscal measures, Law no. 204 April 20<sup>th</sup> 2001 concerning the passing of the Government's Decree no. 36/1998 that should have changed and completed Law no. 32/1994, Law no. 576 of October 22<sup>nd</sup> to pass the Government's Decree no. 127/1999, 2001 Law no. 414 of June 26<sup>th</sup>, 2002 concerning the tax on income and finally Law no. 571 of December 22<sup>nd</sup> 2003 with regard to the Fiscal Code, which abrogated Law no. 414/2002 and changed to a greater extent the deduction system. Because of all these changes the present law is different from that of 1994.

Regulations governing sponsorship in Romania at the moment are:

- Decree no. 36, of January 30<sup>th</sup> 1998, amending Law no. 32/1994 on sponsorship;
- Law no. 32, May 19<sup>th</sup> 1994 on sponsorship (updated until 22 October 2001);
- Law no. 204 of April 20<sup>th</sup> 2001 that ratifies the Government Decree no. 36/1998 amends

Law no. 32/1994 on sponsorship.

Romanian legal or natural persons, which performs in the areas of sponsorship stipulated in article 4, benefit from the reduction of the taxable equivalent sponsorships, but no more than:

- a. 10% of the taxable base for sponsorship in the fields of culture, art, education, health care and social services, humanitarian activities, environment protection;
- b. 8% of the taxable base for sponsorship in the fields of education, human rights, science, fundamental and applied research, charity, maintenance, restoration, preservation of historical monuments, sports – except football;
- c. 5% of the taxable base for sponsorship in the fields of religion, social and community, representing the interests of professional football associations.

The current law, besides the fact that is difficult to be consulted because of the numerous changes and the lack of enforcing norms – for the cases where the text is often confused, apart from the first three articles, has several shortcomings.

#### **4. Shortcomings of the Sponsorship Law in Romania**

First, it is the question of fields of activity for which a person can be sponsored. In many European countries, such as Bosnia and Herzegovina, Macedonia, Poland and Slovenia, reference is made to the field of activity for which sponsorship is permissible, the lack of clear or unanimously accepted definitions making it difficult to establish, for example, that a person performs activities belonging to one area or another. This can be proved, as a rule, by the statute or the constitutive document of the legal person in question, but in some cases documents may be irrelevant. On the other hand, in the absence of such documents, it is difficult to determine whether a particular activity is or is not part of the educational field, for example. In the same category of hindrances is the provision according to which the person wishing to be a beneficiary of the sponsorship must be "acknowledged" under the said proceedings, which greatly complicates the legal operations that precede the concluding of the sponsorship contract.

Secondly, obviously, insufficient incentives granted to sponsors are often seen as an obstacle for a satisfactory system of sponsorship. For Romania, incentives relate primarily to the

deduction from the taxable profit. In other countries, there exist different types of incentives and thresholds of deduction of between 4 and 12%, depending on the case. Such deductions stimulate the sponsor so much the more if they are correlated with a certain level of income tax, so that the proportion of two percentages would allow a real cut of the financial effort of the sponsor. The lack of such incentives, in Romania, as well as the lack of correlation between the sponsored field and the percentage of deduction of the level of taxation on profit is to the detriment of those potential customers who have a lower profile or do not make use of campaigns to promote the name and logo of the sponsor.

One of the major obstacles that the present Romanian legislation generates is that sponsorship expenses are not considered as expenses for communication, but as charitable expenses.

### **5. Sports sponsorship in Romania**

According to the text of the Law currently in force in Romania, sponsorship is the legal act by which two parts agree on the transfer of ownership of some goods or financial means for supporting non-profit activities carried out by one of the parties – the sponsorship beneficiary.

Concerns in the field of sponsorship in sports resulted in the formation of *Association of Sports Sponsors in Romania*, non-governmental organization which aims at supporting the sports movement in Romania and has as objectives the following:

**a.** to attract sponsors, to organize activities that coordinate and facilitate the sponsorship of athletes, sports clubs, sports associations and federations by companies or other individuals or legal entities in the country and abroad;

**b.** to support the organization of sports activities and cultural-sports manifestations taken by the Department of Sport of the former Minister of Youth and Sport or by other factors;

**c.** to carry out advertising actions that favour improvement of knowledge about sponsorship legislation, to contribute to the improvement of legislation on sponsorship;

**d.** to organize sports activities, such as those in the field of sport for everybody, classes of initiation in sports, etc.;

**e.** to support athletes or former performance athletes that face difficult life situations.

The association works with the structures of the former Minister of Youth and Sports, Ministry of Administration and Interior, with other Romanian legal persons and foreign companies that operate similar activities.

Most important examples of sports sponsorship in Romania are those concluded by large companies with:

**1.** The Romanian Gymnastics Federation (RGF); the official supplier of the International Federation of Gymnastics, the *Longines* sponsored RGF, providing equipment and services of timekeeping and display. In compensation, RGF inscribed the name of the company on the national team's equipment worn in all major competitions.

Partial sponsorship has also been completed:

▪ with the Advertising Agency *Graffiti*, which organized the International Championships of Romania, covering all organizational costs, contracts with the media, including televised broadcast of the competition;

▪ with *MITA*, in exchange for the amounts required for awards and electronic equipment, RGF has given the company the right to advertise on the contest costumes.

**2.** The Romanian Tennis Field Federation (RTF). The International Tennis Federation, which provided important funds for a male tennis circuit, a female contest and for the purchase of a Mercedes minibus with eight seats. Important sponsors, which do not bear the official title of sponsor, were: *Dunlop* and *Slazenger* (provided sports material and the possibility of buying rackets at preferential prices), *Adidas* (provided sports equipment and materials for the national

group), *Mercedes*, *Coca-Cola*, *Intercontinental*, *QM* (tennis equipment and sports material), *Attigram* (computer, fax), *Scop* (computer, emergency repairs).

3. The *Steaua Club*. The club benefits a 3 years sponsorship from *Philips*. The hockey department is sponsored by the company *Electrofar SA* which provides material support in money and other materials in exchange for compensations similar to those offered to *Philips*. The basketball department is sponsored by *Nithos* a Romanian-Italian company that produces and provides medical equipment in Romania and which supports the team's travels abroad.

4. The Romanian Athletics Federation (RAF). Following an improvement of the sponsor employability, RAF was able to attract a powerful sponsor – the *Champ* company.

5. The Romanian Soccer Federation (RFF) rendered profitable sponsorship contracts with: *Rank Xerox* (financial support), *Adidas* (sports equipment), *Tropicana* (money). Clubs belonging to this federation are free to conclude sponsorship contracts without the federation's authorization.

On the other hand, the Romanian Olympic Committee has also concluded partnership and sponsorship contracts, on the bases of the global programme TOP IV developed by the International Olympic Committee, with airline companies (*Tarom*), banks (*BCR*, *CEC-Bank*), insurance companies (*ASIROM*), car factories (*Mercedes*, *Ford*), sports supplies companies (*Adidas*), telephone companies (*ROMTELECOM*) as well as *Lenovo Group*, *Coca-Cola*, *Panasonic*, *Samsung*, *Kodak*, *Omega*, *Visa*, *Alexandria Group*.

Sports sponsorship generates certain problems such as:

- from the point of view of the sport organization there is a general tendency of the sponsors to support those sports or events that enjoy the highest popularity and rating to the detriment of the sports considered less attractive;

- from the point of view of the sponsor there arises the question of the quantification of the sponsorship outcomes as consequence of an improper knowledge of the communicational potential of sport or certain sports events situation which, very often, lead to too few claims from the part of the sponsor.

The legal aspects of sponsorship must be taken into consideration by both the sponsor and sponsored sportsman or sports organization. Lack of communication and coordination between the sports organizations on different levels of subordination (The Romanian Olympic Committee, Federations, Clubs etc.) may result in contract disagreements or even in conflicts (parallel promotion of several companies' brands or products under the name or image of the same sportsman or sportswoman), unless the rights of each part of the contract or each sports entity are clearly specified.

Lately companies started to develop a new outlook on sponsorship focusing more on the qualitative aspects of sport in relation to consumers; this proves a deeper concern of the companies for the problems that face communities, concern to answer the consumer's necessities. The consumer and the improvement of his life's quality became the major point of interest for sponsors, so the image of sports events and the idea of practicing sports for a healthier life are associated with a company's products or brand which are, in this way, consolidated in the viewers' perception – people favour those companies that support sport.

On the other side, mass participation events offer more to brands than merely a return on their sponsorship investment because events which promote health and fitness give a brand the opportunity for both current and prospective consumers, who want to stay fit, to look at the brand in a different and more positive way.

According to Nick Rusling, the managing director of IMG Mass Participation Sport – mass events, such as marathons and triathlons, are becoming more and more popular during a period of financial crisis similar to the one the world faces at present. Referring to mass sports events such as London Marathon that gathers thousands of competitors and spectators, Rusling said [Sportbusiness International, (2008)]: “Cities should be looking to have marathon events –

flagship events – because of their economic value. Participation in events is on the increase across the world, put down to people being fundamentally conscious of their own need to take part and stay fit.”

Before their sponsorship of the London Marathon, Nick Bitel, CEO of the London Marathon, revealed that Unilever– that owned margarine–producer Flora asked their customers in 1995 for their motivation when buying the product, and a majority said it was because *they always have*. After their association with the race, consumers responded that they bought the product *because it is good for you*. [Sportbusiness International, (2008)].

The rapid evolution of the means of communication, particularly the internet, and the favourable opinion of the audience about the companies that sponsor sport in all its forms of manifestation will certainly cause a future development of sports sponsorship in the years to come.

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