

# BACHELOR'S THESIS

## Sport Sponsorship as a Marketing Communication Tool

JAN-TONY ABRAHAMSSON  
THOMAS FORSGREN  
HÅKAN LUNDGREN

*Social Science and Business Administration Programmes*

**INTERNATIONAL BUSINESS AND ECONOMICS PROGRAMME**

Department of Business Administration and Social Sciences

Division of Industrial Marketing

Supervisor: Tim Foster

---

## Preface

*It is our great pleasure to hereby present our Bachelor's thesis. During the writing process of ten weeks in the spring of 2003, we have gained a lot of knowledge with investigating this area of research and it has been an interesting and intrusive experience for us all.*

*We would like to take this opportunity to thank the people who have been helpful for us during the writing process, and thereby making this thesis possible. First of course we would like to thank our supervisor Tim Foster, for his help and feedback. Furthermore, we would like to thank Thomas Rundqvist at Färjestads BK and Sven-Erik Svensson at Löfbergs Lila, who took the time to answer our questions and gave us valuable information for our thesis.*

Luleå, May 2003

---

Jan-Tony Abrahamsson

---

Thomas Forsgren

---

Håkan Lundgren

---

## **Abstract**

Sport sponsorship has grown to be an important part of the marketing communication mix for companies over the past decades and it is also an important source of income for sports entities. This thesis aims to look at sports sponsorship as marketing communication tool, regarding the issues of the objectives with the sponsorship, selection of sports entity to sponsor and effect measuring of the sponsorship.

We have made one qualitative case study with two telephone interviews for this thesis, in order to increase validity and get the perspective from both the sponsoring side and the side of the sports entity.

In our study, we have discovered that image-building, relationship marketing and sales increases are three important objectives for sports sponsorship, the relevance and long-term impact are major selection criteria for the sponsorship and furthermore that the evaluation methods of the sponsorship tends to be more informal than described in theory

---

## **Sammanfattning**

Sport sponsring har vuxit till en viktig del av marknadsmixen för företag under de senaste decennierna och är också en viktig inkomstkälla för sportenheter.

Den här uppsatsen mål är att titta på sport sponsring som ett marknadskommunikationsverktyg, med fokus på frågorna om målen med sponsringen, val av sportenhet att sponsra och effektutvärderingen av sponsringen. Vi har gjort en kvalitativ studie med två telefonintervjuer, för att öka validiteten och få med perspektiven från både det sponsrande företaget och sportenheten.

I vår studie har vi kommit fram till att imagebyggande, relationsmarknadsföring och försäljningsökningar är tre viktiga mål med sponsringen, att relevans och långsiktighet är viktiga urvalskriterier för sponsring och att effektutvärderingen är mer informell än vad teorin i ämnet beskriver.



---

## Table of Contents

### Preface

### Abstract

<b>1 Introduction</b> .....	<b>1</b>
1.1 Background .....	1
1.1.1 Event Marketing .....	1
1.1.2 Sport sponsorship .....	3
1.2 Problem Discussion .....	4
1.3 Research Purpose and Research Questions .....	5
1.4 Limitations .....	6
1.5 Summary .....	6
<b>2 Theoretical Review</b> .....	<b>7</b>
2.1 Objectives for sport sponsorship .....	7
2.2 Choosing the right sports entity to sponsor .....	10
2.3 Measuring the effectiveness .....	12
2.4 Frame of reference .....	15
2.4.1 Objectives – Research Question One .....	15
2.4.2 Choosing the right sports entity to sponsor- Research Question Two .....	16
2.4.3 Effectiveness – Research Question Three .....	16
2.4.4 Emerged frame of reference .....	17
2.5 Summary .....	17
<b>3.0 Methodology</b> .....	<b>18</b>
3.1 Research purpose .....	18
3.2 Research approach .....	18
3.3 Research strategy .....	19
3.4 Data Collection .....	20
3.4.1 Secondary data .....	21
3.4.2 Primary data .....	21
3.5 Sample selection .....	21
3.6 Data Analysis .....	22
3.7 Validity and reliability .....	22
3.7.1 Validity .....	22
3.7.2 Reliability .....	23
3.9 Summary .....	24
<b>4 Data Presentation</b> .....	<b>26</b>
4.1 Company information- Löfbergs Lila .....	26
4.1.1 RQ 1- Objectives .....	26
4.1.2 RQ 2- Selection .....	27
4.1.2 RQ 3- Effect measuring .....	28
4.2 Company information- Färjestad .....	28
4.2.1 RQ 1- Objectives .....	29
4.2.2 RQ 2- Selection .....	30
4.2.3 RQ 3- Effect measuring .....	31
4.3 Summary .....	31
<b>5 Data Analysis</b> .....	<b>32</b>
5.1 RQ 1- Objectives .....	32
5.1.1 Löfbergs Lila .....	32
5.1.2 Färjestad .....	33

---

5.1.3 Matrix summary .....	33
5.2 RQ 2- Selection .....	34
5.2.1 Löfbergs Lila .....	34
5.2.2 Färjestad BK .....	34
5.2.3 Matrix summary .....	35
5.3 RQ 3- Effect measuring.....	35
5.3.1 Löfbergs Lila .....	36
5.3.2 Färjestads BK.....	36
5.3.3 Matrix summary .....	37
5.4 Summary .....	37
<b>6 Findings and Conclusions .....</b>	<b>38</b>
6.1 How could the objectives for sport sponsorship be described- from the sponsor and the sports entity perspective? .....	38
6.2 How could the choice of the right sports entity to sponsor be described? .....	39
6.3 How could measuring the effectiveness of sport sponsorship be described? .....	40
6.4 Implications for management.....	41
6.5 Implications for theory .....	42
6.6 Implications for further research .....	42
6.7 Summary .....	43
<b>Reference list.....</b>	<b>44</b>
<b>Appendix A: Interview Guide (English version)</b>	
<b>Appendix B: Interview Guide (Swedish version)</b>	

---

## List of Tables

Table 3.1: <i>Relevant Situations for Different Research Strategies</i>	18
Table 3.2: <i>Six sources of evidence</i>	20
Table: 5.1: <i>Matrix summary –objectives</i>	32
Table: 5.2: <i>Matrix summary –selection</i>	34
Table: 5.3: <i>Matrix summary –effect measuring</i>	36

---

## List of Figures

Figure 1.1: <i>The Role of Sponsorship in the Promotion Mix</i>	4
Figure 2.1: <i>Factors influencing sponsorship choice</i>	11
Figure 2.2: <i>A Framework for the evaluation of sports sponsorship</i>	14
Figure 2.3: <i>Emerged frame of reference</i>	17
Figure 3.1: <i>Graphical summary of Research Methodology</i>	25

## 1 Introduction

*This chapter will present a background to the chosen area of research. First of all we intend to bring up perspectives on marketing and promotion in general, moving on to event marketing and the related area of sports sponsorship. We will also define the difference between event marketing and sports sponsorship. At the end of the chapter, we will state our purpose with the study as well as our research questions.*

### 1.1 Background

In modern marketing, companies and their brands are competing heavily to hold existing and to gain new market shares. In order to accomplish this, marketing communication is of high importance. (Brassington-Pettit 2000)

One important factor regarding marketing communication is Promotion according to Brassington and Pettit (2000) and consists of diverse elements such as advertising, which in definition is any paid form of impersonal promotion transmitted through a mass medium. The fact that advertising is paid for and impersonal, distinguish it from other promotion elements such as sales promotion and personal selling. All of these already mentioned promotional elements, along with public relations traditionally combine for a company's promotion mix, which is the total marketing communication program of a company. (Ibid)

During the 1980's and 90's, the cost of traditional mass media advertising increased substantially and it started to become increasingly difficult to reach specific target groups through the mass media due to the increased advertising buzz in newspapers, television, radio and in recent years also on the internet. As a result of these difficulties, companies were looking for new elements in the promotion mix to reach their target markets with their message and to strengthen their brand. (Ibid) The companies search for new media opportunities, have during the past decades resulted in two new, related and increasing areas in the marketing communication mix, event marketing and sports sponsorship. (Eriksson-Hjälmsö, 2001)

#### 1.1.1 Event Marketing

One of the new elements is event marketing, a marketing discipline that is expanding rapidly. For instance the growth of event marketing in the United States today, are three times larger than the growth of advertising. (Eriksson-Hjälmsö 2000) Event marketing is an approach to cooperate the communication around an own created or sponsored event. In event marketing the event is an activity that gathers target groups in time and space: a meeting in which an experience is created and a message communicated. (Behrer-Larsson 1998)

The concept of event marketing is relatively new in marketing theory, and seems to originate from the sponsoring industry. Event marketing can be used in both business-to-business and business to consumer (Eriksson-Hjälmsö 2000). The conception of event marketing had its major breakthrough at the 1984 Olympics in Los Angeles. The organizers of the Olympic games took the initiative to offer the sponsors a greater use of their sponsoring of the Olympic

---

games. Contracts were signed which specified the type of exposure the sponsors were to enjoy based on the amount of monetary contribution, as well to what extent the sponsors could use the event in their marketing communication as a whole. To distinguish the difference between the new type of sponsoring from the old, more philanthropic charity from companies, the concept of event marketing was created. (Behrer&Larsson 1998)

Regardless of the title or place in the organization, in a sponsorship when a company sponsors a sports event or concert, or supports a charity with its resources it is attempting to increase the perceived value of the sponsor's brand in the consumer's mind. Furthermore if sponsoring sport event the company reach two potential markets, the participant and the spectator. (Wells, Burnett & Moriarty, 2000)

Companies of all sizes can use event marketing, and independently on how large its target group is. The broad application area is an explanation to why the use of event marketing is increasing. Another explanation could be that event marketing in many cases could be more effective than traditional marketing communication. For example at Volvo they consider that event marketing with a specific budget gives the company seven times as much exposure as traditional advertisement and a much greater response from customers and retailers. Then it is easy to see why the larger companies in greater extent complement its traditional communication strategies with event marketing. The reasons why companies today have started to be more interested to event marketing towards the consumers are several, but can be summarized in three main arguments: The economical incentives to find new unconventional communication ways have increased. New demands on the companies marketing have arisen. The knowledge and experience of marketing through events have increased. (Behrer-Larsson 1998)

The following box provides a specific example of how Volvo conducts their event marketing:

*Box 1: Volvo*

In order to provide an example, Volvo's engagement in Whitbread Around the World Race is an excellent display of event marketing. Volvo has bought the entire sailing contest from Whitbread, which is a British Brewer. When the race occurred in 2001 the new name of the new name of the race was The Volvo Ocean Race. By connecting Volvo to the entire contest, Volvo intends to strengthen its brand name and create positive attitudes to the company among customers and the general public. (Behrer-Larsson, 1998)

The event delivers the message that concentrates on Volvo's core values, namely quality, safety and environmental concern. At each stop the sailing boats make around the world, Volvo will have an exhibition showing their cars as well as giving the company an opportunity to develop their customer relations through personal meetings. The event also contributes with continuous media coverage during the year of the sailing race. (Ibid)

*Source: Behrer and Larsson 1998*

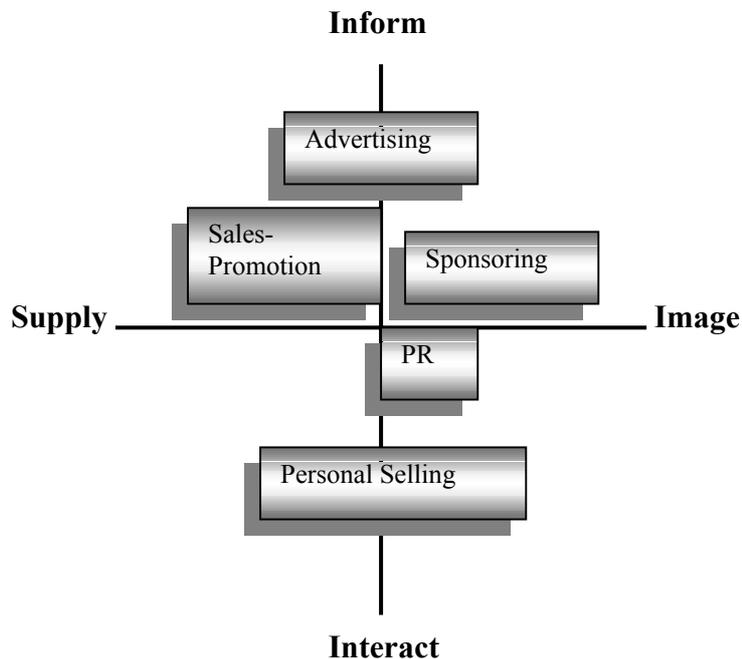
### *1.1.2 Sport sponsorship*

Another of these new elements turned out to be sports sponsorship. A wide variety of organizations are realizing that sports sponsorship is a valuable way to reach new markets as well as holding the existing customer base. Sponsorship can increase sales, change attitudes, heighten awareness and build new and maintain existing customer relationships. (Shank, 1999) Sponsorship is an important tool of marketing communication that seeks to achieve favorable publicity for a company and or its brands within a certain target audience via the support of an activity not directly linked to the company's normal business. (Bennet, 1999)

The difference between event marketing and sports sponsorship, which could be considered as a highly related area to event marketing, is that event marketing could only occur in marketing via events, unlike sponsorship, which could occur in several different situations. Merely sponsoring of a hockey team or an artist for instance does not qualify as event marketing. In order for something to be classified as event marketing it is required that the company uses the event both as an attempt to communicate and as a separate medium. (Behrer-Larsson, 1998)

The definition of sports sponsorship in the words of Shank are "Investing in a sports entity (athlete, league, team or event) to support overall organizational objectives, marketing goals and/or promotional strategies." (Shank, 1999) Sponsorship activities present multiple opportunities for achieving awareness objectives, and much of the research to date in the sponsorship literature has focused on awareness issues such as sponsor recall (Gwinner, 1997). While there are obvious aesthetic pleasures in merely watching a sport performance, the real intensity comes from identifying with an individual or team as they strive to win. It is this phenomenon that has helped make sport a vehicle for the promotion of corporate interests, when professional team sport has emerged in the nineteenth century, the relationship between sports teams and fans was sustained by reliance on local ownership and involvement. (Mason, 1999) The general reasons for making sports sponsorship a part of the promotional mix, is the widespread appeal of sports across all ages, areas and life-styles. This is especially true when it is linked to the television broadcast of the events. Many sports and sporting events attracts high television coverage, which means that even if the actual sponsorship cost might be high, the sponsorship is still quite cost effective in comparison to the cost of direct television advertising. (Brassington-Pettit, 2000)

The role of sponsorship in the promotion mix can be seen in the following figure



**Figure 1.1** *The Role of Sponsorship in the Promotion Mix*  
Source: Adapted from Eriksson & Hjalmsö (2001)

As one could see in the figure, sponsorship is closely connected to both public relations and advertising and its role combine information with building a brand image. In summary, sponsorship is a new and growing part of the marketing communication mix, and it is to be elaborated further on the subject in our problem discussion section.

## 1.2 Problem Discussion

Sponsorship is also an element of the promotion mix that has experienced a dramatic growth over the past decade:

- In 1996, companies in Great Britain spent more than 300 million pounds on sport sponsorship, which should be compared to only 30 million in 1980. (Brassington-Pettit 2000)
- In 1997, motor sports sponsorship totaled for 998 million USD, making it the premier sport in terms of invested sponsor dollars, leaving Golf in second place with 614 million USD. (Shank 1999)
- Only between 1997 and 1998 company sponsorship spending on Olympic teams and competitions increased with almost 20%, reaching almost 400 million USD. (Ibid)
- In the Unites States, a total of 4,56 billion USD was spent on sport sponsorship in 1998. (Ibid)
- The sponsorship market just in Great Britain was valued 1 billion pounds in 1997. (Ibid)
- From 1984 to 1997, the worldwide amount spent on sports sponsorship increased from 2,1 billion USD to 18,1 billion USD. (Meenaghan-Shippely, 1999)

Another reason for the increased popularity of sports sponsorship as a marketing communication tool versus a traditional element such as advertising is the fact that through sponsorship, the sponsoring organization communicates through the perceived attributes in the sponsored object. (Meenaghan-Shiple, 1999) Over the past decades, sport sponsorship has been shown to be an effective tool with which to alter and enhance a company's image and reputation. Consequently, researchers believe that sport sponsorship should be considered an important resource that can help companies to secure a position of competitive advantage. (Amis-Slack, 1998)

A characteristic about sponsorship that distinguishes it from some other promotional methods is that it is indirect. This means that the sponsorship is at its best, a secondary concern (behind the actual event) for the participant. Furthermore, other than the brand's name and/or logo, seldom is any type of commercial message associated with the firm's products. (Gwinner, 1997)

One important issue with sponsorship that is often brought up by researchers is the objectives. Not unlike advertising objectives, sponsorship objectives could be categorized into direct and indirect objectives. (Shank, 1999) The direct objectives focus on short-term consumer behavior and to increase sales. Indirect objectives will also ultimately lead to increasing sales, but focus more on generate awareness and to create the desired image for the brand. Other examples of indirect objectives could be to strengthen relationships and to meet threats from competitors. Another issue of interest is whether or not sponsorships actually work and how to measure the results. Most studies report that sponsorship is having a positive impact on their organizations, one example of that is Visa, who reported that their brand awareness have increased approximately 23 percent between 1988 and 1996, thorough their affiliation with the Olympic Games. An additional managerial decision to be made in sponsorship issues is determining what sports entity to sponsor. The broad choices of sports entities consists of individual athletes, teams, a specific sport or a whole league or a specific event (Ibid)

Sports sponsorship ties into brand image and event marketing and is a promotional area that has increased rapidly over the past decades. (Ibid) Therefore we find it interesting to investigate further in the area of sports sponsorship. This background and problem discussion has led us to a specific purpose, which will be developed in the next section.

### **1.3 Research Purpose and Research Questions**

As discussed earlier in the thesis, the use of sport sponsorship is becoming more and more common. Many of the companies are sponsoring sports event/teams due to the fact that teams and sport events tend to draw a very variable audience. The motives for companies to sponsor a team can be to strengthen their image or increase awareness of the companies. However the sport sponsorship is very important to the teams, because a lot of the money that the companies put into a team is often used to pay the players of the team. This means that the company that does the sponsoring becomes involved in a seller-buyer relationship. The sponsorship must however be in line with the other promotion activities that are conducted within the companies and must be measured carefully to be sure of the effects, to become successful when conducting sport sponsoring. It would be interesting to study sport sponsorship from a promotion perspective, which is to look at both the seller and buyer perspective.

The research purpose of this thesis can be stated as follow:

*“To gain a better understanding of sport sponsorship as a marketing communication tool”*

There are many different factors that can be related to the research purpose, but the thesis will focus on certain aspects. However the complete understanding and describing of sport sponsorship will not be provided. Interested areas to investigate further would be the objectives for sport sponsorship to describe how it is conducted and how it is promoted. One other area that is of interest is the sponsor and the sports entity, to investigate the effectiveness of sport sponsorship and how it is evaluated. Another issue that can be of great interest is how the companies select the right sports entity to sponsor. To be able answer these questions, three research questions related to the research purpose are formulated as follows:

- 1: How could the objectives for sport sponsorship be described- from the sponsor and the sports entity perspective?
- 2: How could the choice of the right sports entity to sponsor be described?
- 3: How could measuring the effectiveness of sport sponsorship be described?

#### **1.4 Limitations**

The sport sponsorship area is a very large area with many different factors to investigate. However due to time limitations the thesis will focus on the company conducting the sponsorship and the team that are sponsored, from a marketing communications perspective. This is because it is beyond the scope of this study to include all factors within the area of sport sponsorship.

#### **1.5 Summary**

In this chapter we have introduced new and expanding elements of company’s promotional mix and then moved on narrow our subject down to one of these new elements, sports sponsorship in our problem discussion, as well as stating our purpose and research questions. In the next chapter, we will bring up the theories necessary in order to answer the research questions.

## 2 Theoretical Review

*In the previous chapter, we introduced the subject of sports sponsorship as a new and increasingly important part of the promotion mix in today's business. We finished the previous chapter with stating our purpose of the thesis and our research questions. In this chapter, the relevant literature in regard to each of the research questions will be presented.*

### 2.1 Objectives for sport sponsorship

One important issue with sponsorship that is often brought up by researchers is the objectives, since the objectives could serve as a benchmarking tool when companies are in the process of measuring the effects of the sponsorship. (Hultman-Lindgren 2001) Not unlike advertising objectives, sponsorship objectives could be categorized into direct and indirect objectives. The direct objectives focus on short-term consumer behavior and to increase sales. Indirect objectives will also ultimately lead to increasing sales, but focus more on generate awareness and to create the desired image for the brand. (Shank 1999)

The main objectives in sponsorship are as follows:

#### *Awareness*

Brand awareness is achieved by exposing the brand to as many potential consumers as possible. (Gwinner, 1997) To generate awareness or raise awareness of the company's products, services, product lines or corporate name. From the sports entity's perspective, having a large corporate sponsor will certainly high lighten awareness for them as well. The corporate sponsor will also ensure that their promotion mix elements are integrated, which means that the sponsorship should work along with the advertising and sales promotion for instance, to achieve the desired objectives. Recent studies have also shown that sponsorship generates higher levels of awareness in desired target markets compared to advertising. (Shank 1999)

#### *Competition*

Another objective is to meet any competitive threat on the sponsorship market. In other words, if they do not make the sponsorship investment, their competitors will. Even though, ambush marketing by competitors could damage the sponsorship. Ambush marketing means a planned effort by a competitor to associate there selves indirectly with an event or a sports entity to gain at least some of the benefits and recognition that are associated with the sponsorship. (Shank 1999)

Brands that do not want to split out on expensive sports sponsorship often turn to ambush marketing. Ambush marketing has a negative affect on everyone involved with an event, and in the end, the sport itself. Event organizers find the value of their right diminished. It becomes harder to find sponsors and consequently, to host events. (Elliott 2002)

### *Reaching target markets*

One of the major benefits with sports sponsorship is the ability to reach people with a common interest; therefore sporting events are a natural form for psychographic segmentations of consumers. By doing that, the company reaches consumers with similar activities, interests and opinions. Therefore, sponsorship that is used effectively could reach target markets more efficiently than traditional advertising. (Shank 1999) Corporations are looking to begin or increase existing sport sponsorships to take advantage of consumer interest and the ability to reach large and yet specifically targeted audiences. (Sherry, 1998)

### *Relationship marketing*

Building relationships with clients or putting the principles of relationship marketing to work is another sponsorship objective. Corporate hospitality managers from the behalf of the sport entity could for instance provide sponsors space and time to socialize with clients. The existence of luxury boxes at stadiums and arenas, are just one piece of evidence that corporate sponsors will go to great length and spend large amounts of money in order to maintain and build successful relationships with their clients. (Shank, 1999)

### *Image building*

This is perhaps the most important reason for sponsorship. Providing a positive association of the brand of the sponsoring organization. The sponsoring organization associates itself and/or its brands with the positive images generated by the unique personality of the sponsored sports entity. The main principle here is that the image of the sports entity should be congruent with the actual or desired image of the sponsored organization and/or their products. (Shank, 1999)

Amis and Slack agrees with that and further states, "Sport sponsorship has been shown to be an effective tool with which to alter and enhance a company's image and reputation. Consequently, they believe that sport sponsorship should be considered an important resource, which can help companies to secure a position of competitive advantage. However, for any advantage thus gained to be sustainable, they content that the sponsorship on which the advantage is based must be developed into an area of distinctive competence within the firm." (Amis-Slack, 1998)

DeVous (1994) states that there is of high importance as a sponsorship objective to create brand image locally, nationally and internationally. Furthermore he states that sports sponsorship could provide effective associations for the product or the brand, bringing it values such as fitness and excellence. (DeVous, 1994)

*Sales increases*

This is the eventual objective for almost all of the sponsoring organizations, although sometimes indirect or through a hierarchy of effects. Occasionally, sporting events are created for the sole purpose of making a profit. Without sponsorship, the event would lose its ability to do so. (Shank, 1999)

The researchers Amis and Slack, like Shank, also rates the objectives of awareness and brand image as the two most important objectives in sports sponsorship. (Amis-Slack 1998) Pope (1998) also ranks the increased awareness and brand image as the two primary sponsorship objectives and so do Shanklin and Kuzman (1995). Another objective that is not mentioned by Shank is the objective of community relations and support of the local community, which is of particular importance as an objective when it comes to the sponsoring of a sports stadium. (Clark 2002)

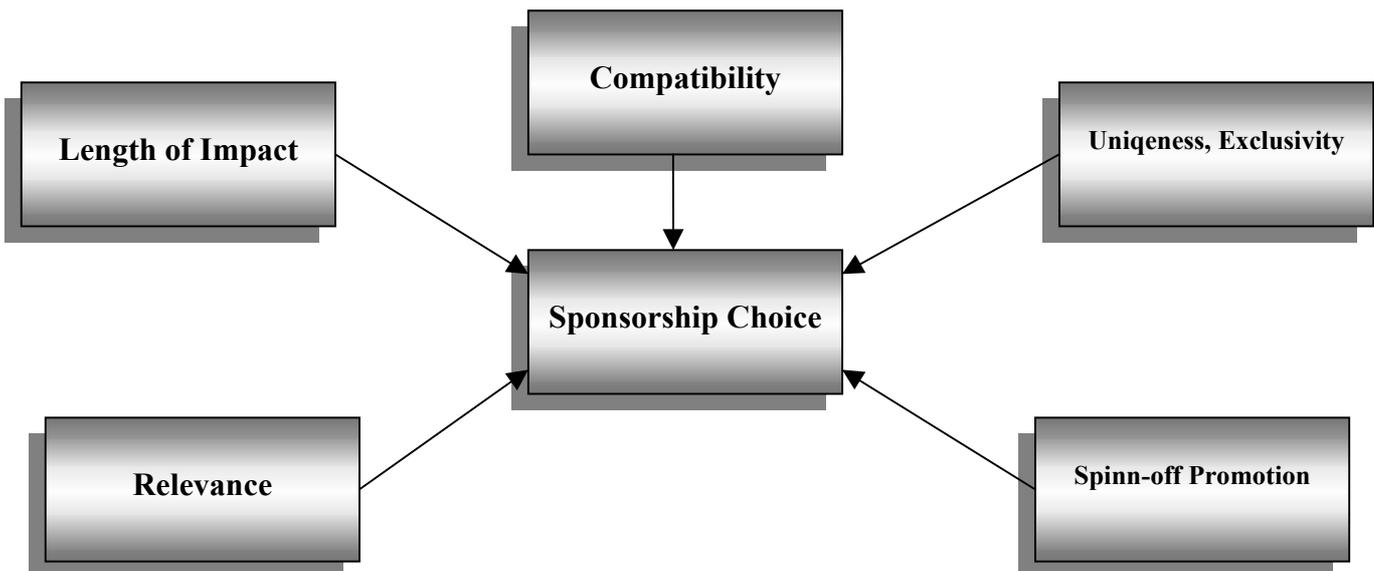
Public relations could be considered as another promotional objective for sports sponsorship. There are several benefits with sports sponsorship in that perspective. First and foremost, it is developing consistent message points among all marketing factions, including public relations, advertising and promotions. Another benefit is opportunity. Experience will show that there can be a number of missed public relations opportunities when public relations is practiced totally independent of promotions, advertising, and other marketing functions. Another example of benefits from integrating marketing is the practice of using the making of an advertisement for public purposes. (Sherry 1998)

Since leagues serve as the “official voice” of a particular sport, leagues undoubtedly have good deal of media contacts and serve as the basis of a constant flow of information and news. Keeping the league informed of sponsorship activities on a timely basis can lead to the fact that the event or sponsorship could be used as a regular part of the league’s discussions with the media. The proper signal at a press event or media day is an excellence way to make sure the media picks up on the sponsorship. (Ibid)

The objective of attracting and retaining competent employees is mentioned in Bennet’s study from 1999. The idea is to involve the company in activities that are appreciated by the personnel, so that the sponsorship could actually work as a competitive advantage when it comes to recruitment and retaining of competent and motivated personnel. (Bennet 1999)

## 2.2 Choosing the right sports entity to sponsor

A number of factors need to be considered before a sponsorship decision is made, factors which are summarized in the model below:



**Figure 2.1** *Factors influencing sponsorship choice*  
 Source: Adapted from Brassington-Pettit, (2000), p. 813

- *Relevance*

The first consideration is relevance, which might be the most important factor of them all. There needs to be a match between the chosen sponsorship and the target audience that the organization is seeking to influence.

- *The length of impact*

The length of impact may also be a consideration. One-off event, unless they are of the very high profile kind, does not generally have the same capacity to build the community relations or establish brand familiarity that sponsoring of a sports league or a series of events could accomplish. However, if the objective is to raise the awareness on a short-term basis for a new product for instance, a one-off event could be useful. (Brassington-Pettit, 2000)

- *Uniqueness*

Being the sole sponsor is something that is desirable, but not always possible to accomplish, especially for large international events or sports entities, where the costs are very high. Sponsoring a major league can, however, provide uniqueness without being the sole sponsor, as the awareness of the company could rise drastically through television and other forms of media coverage such as print media and broadcasted media. (Brassington-Pettit, 2000)

- *Spin-off promotion*

The potential of spin-off promotion, is another important factor to consider. Spending more money on advertising and other forms of promotion along with the sponsorship would maximize the impact of the actual sponsorship. (Brassington-Pettit, 2000)

- *Compatibility*

Finally, it is always important to ensure that there exists a compatibility with the sponsor's overall promotional objectives. Sometimes personal interest of key personal in the sponsoring organization could cloud judgment over the real fit with the commercial objectives and all the cost effectiveness of the sponsorship in question. In that sense, it is recommended that sponsorship decisions are as calculated and unemotional from a corporate perspective as any other promotional decisions. (Brassington-Pettit, 2000)

In the past sports marketing was mainly driven by an emotional attachment to a sport. But with the rise in popularity of sport sponsorship, today's cost of entry is significant, and a company's involvement requires much more than the love of sports. (DeVos 1994)

The factors that are needed to choose the right sports entity to sponsor are listed in the model above in this chapter, this to implement these factors, in order to find the appropriate sport entity to sponsor (Shank, 1999). The definition of sports entity to sponsor is either being the athlete, the team, the sport or the event. Each of these sports entity need to be further explained and is therefore listed below this paragraph. (Ibid)

*Athletes:* The athletes can have tremendous credibility with the target audience and can create immediate association with a product in the consumers' mind. The problem however can be if the athlete perform poorly or seen as a troublemaker. Moreover, professional athletes are also often labeled as "spoiled brats". (Shank, 1999) However, Amis and Slack states that as long as the individual athlete could appeal to the target market, it would have the same positive impact as the sponsorship of a team or a league for instance. (Amis-Slack, 1998)

*Teams:* at any level of competition can be served as a sports entity. Although sponsorship is typically associated with professional teams, however the team can also be an athletic department, which also relies heavily on sport sponsorship. (Shank, 1999)

*Sports or leagues:* In addition to sponsoring teams, some companies choose to sponsor sports or leagues. To commit in a sport/league sponsorship leads automatically to exposure for other sponsorship clutter. Therefore the companies need to examine the sport/league carefully before engaging in this type of sponsorship. Lately the leagues have been trying to organize

themselves to become more attractive to sponsors. However the sponsors choose to use the power of the league and its recognizable league logo and therefore be able to support all the teams within the league. From the sponsors perspective this is an easy and less expensive way of sport sponsorship. (Shank, 1999)

*Event:* A sport entity that is most commonly associated with sports marketing is the event. Examples of sporting event sponsorships are plentiful, as are the opportunities to sponsor sporting events. In fact sometimes the numbers of events are far more than the potential corporate sponsors. (Ibid)

The advantages of using sport events as an entity are similar to those benefits gained by using other sport entities. For instance the event will hopefully increase awareness and enhance the image of the sponsor. In addition, the event often allows the consumer a forum to purchase the sponsor's products. There are disadvantages as well with the use of events as sports entity, such as the competition from other sponsors for the attention of the target audience. However one way of minimizing the risk is to become the title sponsor of the event. (Shank, 1999)

### **2.3 Measuring the effectiveness**

When it comes to measuring the effectiveness of a sports sponsorship, Turley and Shannon argue that sport spectators notice some of the advertising in a sports stadium but at the other hand also screen out a substantial amount of them. (Turley-Shannon 2000)

However, the recollection of a certain ad in a sport setting, tend to increase over time for a sports spectator and therefore the authors recommend long-term relationships. Relationships that maybe will last over the course of several seasons, for the sponsor in order to gain maximum levels of awareness and recall out of the spectators. Sponsorship of a single sport game for instance, does not at all provide the same positive effects in terms of raised awareness and recall, compared to long-term commitments. (Turley-Shannon 2000) There exists four major ways to measure to effectiveness of a sports sponsorship according to Meenaghan 1983:

#### *Measuring the sales effectiveness of the sponsorship*

This is something that could be measured directly through measurements such as the quantity of mail orders, direct mail, econometric analysis and test marketing. The difficulty with this type of measurement lies in the problem of separating the sales effectiveness that actually comes from the sponsorship and what that does not.

#### *Measuring the communication effectiveness of the sponsorship*

The communication effectiveness could be derived in five ways, which are measurement of awareness, measurement of recall, attitude surveys, physiological measurements and keeping track on any increasing request for samples and information about the company and/or its products. But like the sales effectiveness measurement, it is difficult to sort out for the company what actually comes directly from the sponsorship.

*Measuring the media coverage resulting from the sponsorship*

When measuring media coverage, the appropriate tools are duration of television and radio coverage and written media coverage are measured in the actual amount of text. This type of measurement has the advantage of being easy to use practically and is therefore quite popular. However, those who criticize this measure, claims that it only covers the achieved publicity, which basically would be the same as bought advertising space or time.

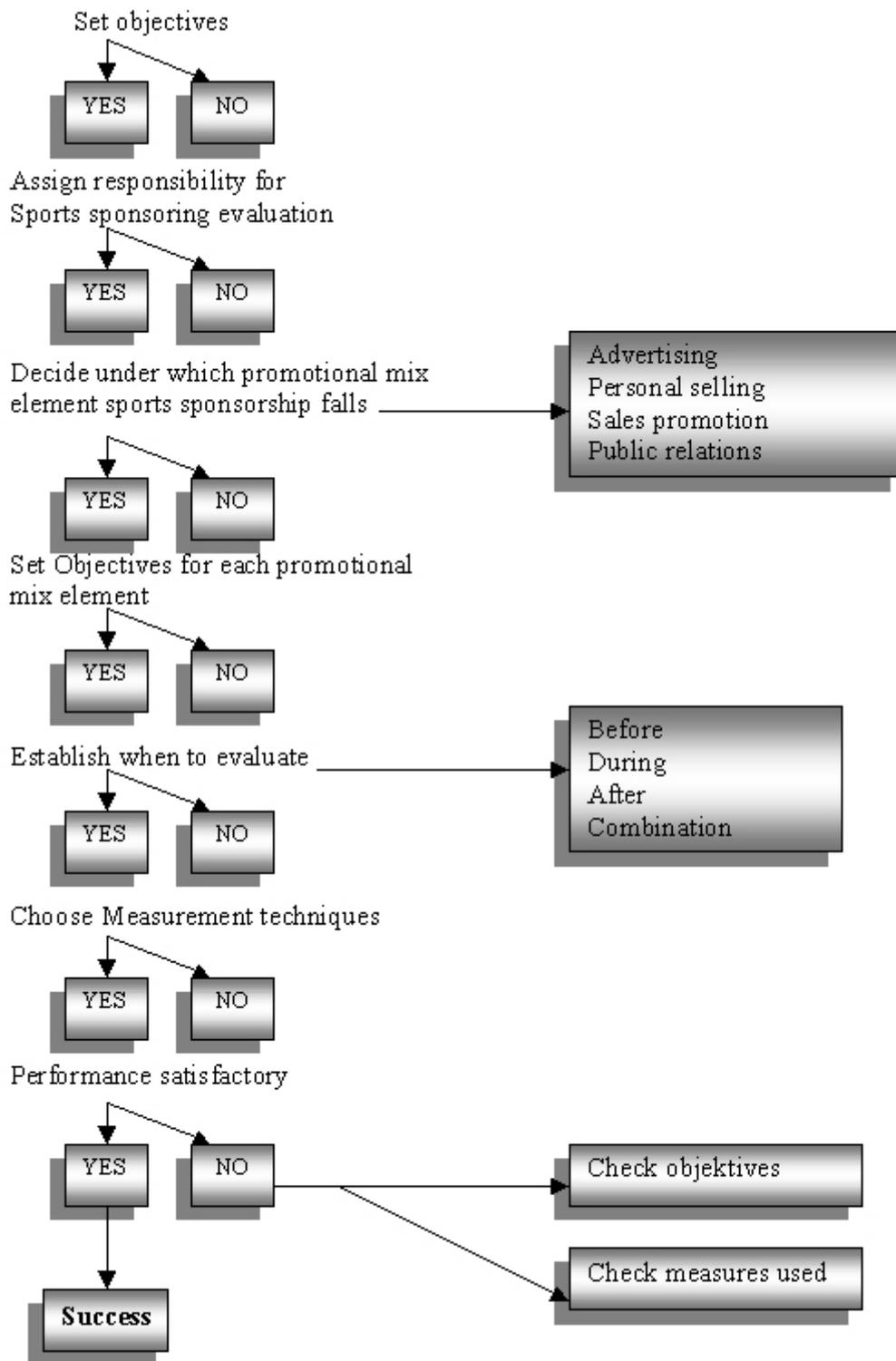
*Measuring the continuing appropriateness of the sponsorship over time*

When it comes to measuring the appropriateness, the key issue is to monitor and measure the audience level for the sponsored object or event, in order to make sure that there exists a fit between what is sponsored and the target market. Measure the audience level, is also something that does not require a lot of work in sports sponsorship, since that is normally recorded officially. Investigation of market perception of the activity is also something that could be carried out. Media coverage also ties in to this, as it is an indicator of appropriateness as well. According to Mescon and Tilson, another way of evaluate the effectiveness is to conduct pre- and post-program awareness studies to determine the effect of their sponsorship on their corporate image, product recognition and other public relations objectives. (Mecson-Tilson 2001)

Another form of evaluation is the three-step method where the company looks at its position on the market in regards to awareness and image in the desired target audience. Then the company goes on to detect in movements in those measurements over time and finally make an analysis after the sponsorship, when a comparison is made with the actual results of the sponsorship and the initial objectives. (Bennet 1999)

Finally, Abratt and Grober came up with an evaluation process of sponsorship in 1989, which is directly based on the objectives of the sponsor. Their theoretic model is split up to seven different steps, that goes from the initial objective setting to the actual evaluation of the sponsorship has been successful or not.

The process is displayed in the figure on the next page:



**Figure 2.2** *A Framework for the evaluation of sports sponsorship*  
 Source: Adapted from Abratt and Grobler, 1989 p. 360

## 2.4 Frame of reference

In our last section, we introduced the theoretical review of the relevant literature in regard to each of our three research questions. In this section, we will conceptualize our research questions based on our theory review in order to come up with an emerged frame of reference to show how the research questions correlate and how the sponsorship relation works on both sides.

The purpose with the conceptual framework is to demonstrate a preference for commencing with and utilizing theory in qualitative research, rather than allowing it to develop from the work. (Saunders, 2000) Miles and Huberman (1994), defines a conceptual framework in the following way: “a conceptual framework explains, either graphically or in a narrative form, the main things to be studied”.

### 2.4.1 Objectives – Research Question One

Regarding the sponsorship objectives, we will use the six most common objectives used by Shank (1999), since those objectives correspond well to our research question, since they summarize the most common objectives of sports sponsorship according to Shank and other authors brought up in our literature review section, such as Amis, Slack, Pope and Shanklin and Kuzman.

- *Awareness*
- *Relationship Marketing*
- *Reaching target market*
- *Image building*
- *Competition*
- *Sales increases*

We will also look into the public relations objective aspect of sports sponsorship, based on the theory provided by Sherry (1998). Sherry there states that integrating public relations into sports sponsorship is beneficial for the sponsor and also opens new opportunities for the company from the public relation perspective.

#### 2.4.2 Choosing the right sports entity to sponsor- Research Question Two

For determining how a sponsorship decisions is made, we will be using the model developed by Brassington and Pettit in 2000, which states that a sponsorship decision is made based on the following factors:

- *Relevance*
- *Length of impact*
- *Uniqueness*
- *Spin-off promotion*
- *Compatibility*

The reason for using this theory on sponsorship selection is that it provides the best summary of factors to be considered before undertaking a sponsorship deal. To then determining what particular sports entity that should be sponsored, we will be relying on Shank's 1999-model, which separates the possible sports entities to sponsor into athletes, teams, leagues/sports and events.

#### 2.4.3 Effectiveness – Research Question Three

To answer our research question about effect measurement, we will mostly be relying on Meenaghan's theory from 1983, which consists of four methods:

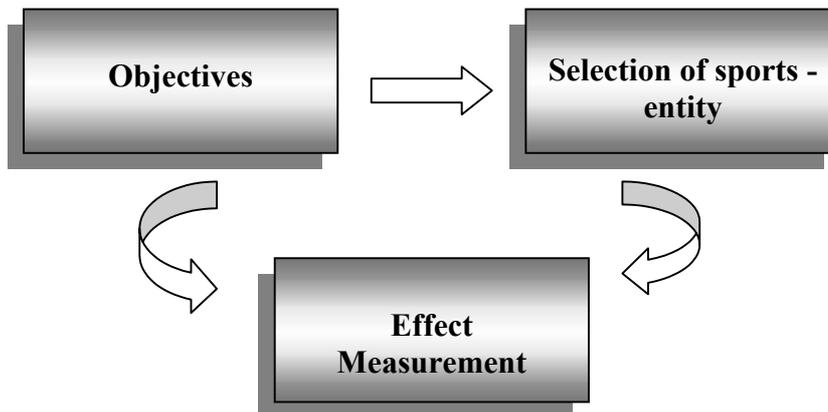
- *Measuring the sales effectiveness of the sponsorship*
- *Measuring the communication effectiveness of the sponsorship*
- *Measuring the media coverage resulting from the sponsorship*
- *Measuring the continuing appropriateness of the sponsorship over time*

We will be using this theory since we think it is the most comprehensive method of evaluation in our reviewed literature. However, we will also use the three-step method of evaluation developed by Bennet in 1999, since it focus more on specific evaluation of awareness and positioning changes due to the sponsorship. The method consists of:

- *Measuring the awareness and position with the desired target market before the sponsorship*
- *Detecting changes during the sponsorship*
- *Evaluating the possible changes after the sponsorship*

#### 2.4.4 Emerged frame of reference

In this section, we intend to graphically show the conceptualization of the theory that we will be using for answering our research questions and how it fits together with our purpose, which is “Sports sponsorship as a marketing communications tool” and our research questions.



**Figure 2.3** *Emerged frame of reference*

The model shows the logical flow of the sports sponsorship process in our belief, where the sponsor set out their objectives, select which sports entity to sponsor and before, during and afterwards measure the effect of the sponsorship. The sports entity role in the model is to provide a relevant fit with the sponsor’s objectives, in order for them to be selected by the sponsor. Looking at this model, you therefore see how the main actors involved, how the sponsor and the sports entity are connected, as well as the flow of our three research questions.

#### 2.5 Summary

This chapter has provided with an overview of the relevant theories needed to answer our research questions, resulting in a conceptualization of our frame of reference. In our next chapter, methodology, we will explain how we will conduct our research.

### **3.0 Methodology**

*In this part of our thesis we will present and discuss methodological issues connected to our research. Methodological considerations and choices will be stated, as well as the research design, research approach, purpose, sample selection and data collection.*

#### **3.1 Research purpose**

According to Saunders (2000), there are three main stages in research, exploratory, descriptive and explanatory.

##### *Exploratory*

Here research is designed to allow the investigator to “look around” with respect to some phenomenon. The aim is to develop suggestive ideas. The research should be as flexible as possible and provide guidance for procedures. The focus is initially broad and becomes progressively narrow as the research progresses

##### *Descriptive*

The object of descriptive is to portray accurate profiles of persons, events or situations. It is necessary to have a clear picture of the phenomena on which you want to collect information to the data collection.

##### *Explanatory*

Studies, which establish casual relationships between variables, may be termed explanatory studies. The emphasis here is on studying a situation or a problem in order to explain the relationships between variables.

In this thesis, we are a bit of all three of these. We are exploring the sponsorship relation from both sides in a marketing communications perspective in order to gain a deeper understanding of our research area, describing when we discuss what the objectives are, how to select the right sports entity to sponsor and how to measure the effect of the sponsorship, and explaining when we are answering our research questions. However, although we have parts of all three, we are mainly descriptive.

#### **3.2 Research approach**

Depending on what kind of information that is investigated, the qualitative or quantitative method is used. The qualitative method does not strive to generalize the problem; instead, the purpose is to give a deeper understanding of the problem. (Saunders, 2000) Further, the method is flexible, and thereby, the researcher can correct possible weaknesses and incorrect formulations, and also add lacking questions. However, one weakness with this method is that it can be a problem to compare information from the different objects of study.

Qualitative investigations usually take the form of case studies or surveys, with few research objects. (Saunders, 2000)

The quantitative method deals with the problem in a wider perspective, usually through large questionnaires with closed-end questions, that is, questions, which call for responses that are strictly limited. The gathered material is expressed in figures. The primary purpose of this methodological approach is to be able to generalize the gathered information. We have assumed the qualitative approach in our research, since we wanted to gain a deeper understanding of different issues regarding our research questions. (Saunders, 2000)

### 3.3 Research strategy

The purpose with our research was to investigate “Sports Sponsorship as a marketing communication tool”? We then divided this research purpose into three research questions:

*The objectives with sports sponsorship*

*How to choose the right sports entity to sponsor*

*Measuring the effect of the sponsorship*

There exist five major strategies when it comes to research strategy; experiment, survey, archival-analysis, history and case study, which are explained further in the table below:

Strategy	Form of Research Question	Requires Control of Behavioural Events?	Focuses on Contemporary Events
Experiment	How, why?	Yes	Yes
Survey	Who, what, where how many, how much?	No	Yes
Archival-analysis	Who, what, where how many, How much?	No	Yes/No
History	How, why?	No	No
Case Study	How, why?	No	Yes

**Table 3.1** *Relevant Situations for Different Research Strategies.*

Source: Yin, 2003

Case studies means to investigate few objects thoroughly. It is the most suitable research strategy if the objective is to achieve detailed understanding about different kinds of processes in few objects. (Saunders, 2000). Since we are focusing on contemporary events and the fact that our research questions are formulated in “how”-form, a case study generally, is the most suitable method for a problem like this one according to Yin (2003).

### 3.4 Data Collection

First, the researcher has to decide if the investigation should be based on already gathered information, that is, secondary data, or if fieldwork has to be carried out, to gather primary data (Saunders, 2000). When conducting case studies and collecting data. There are six sources where the researcher can collect evidence, and those are: documents, archival records, interviews, direct observations, participant-observation and physical artefacts. These sources of evidence can both be strong as well as weak evidence according to Yin 2003. These types of evidence and the nature of them are displayed in the figure below this paragraph.

Source of evidence	Strengths	Weaknesses
<i>Documentation</i>	<ul style="list-style-type: none"> <li>- Stable-can be reviewed repeatedly.</li> <li>- Unobtrusive-not created as a result of the case study.</li> <li>- Exact-contains exact names, references and details of an event.</li> <li>- Broad coverage-long span of time, and many settings.</li> </ul>	<ul style="list-style-type: none"> <li>- Retrieve ability-can be low biased selectivity, if collection is incomplete.</li> <li>- Reporting-bias-reflects (unknown) bias of author.</li> <li>- Access-may be deliberately blocked.</li> </ul>
<i>Archival records</i>	<ul style="list-style-type: none"> <li>- Same as above for documentation.</li> <li>- Precise and quantitative.</li> </ul>	<ul style="list-style-type: none"> <li>- Same as above for documentation.</li> <li>- Accessibility due to privacy reasons.</li> </ul>
<i>Interviews</i>	<ul style="list-style-type: none"> <li>- Targeted-focuses directly on case study topic.</li> <li>- Insightful-provides perceived causal inferences.</li> </ul>	<ul style="list-style-type: none"> <li>- Bias due to poorly constructed questions.</li> <li>- Response bias.</li> <li>- Inaccuracies due to poor recall.</li> <li>- Reflexivity-interviews gives what interviewer wants to hear</li> </ul>
<i>Direct observations</i>	<ul style="list-style-type: none"> <li>- Reality- covers events in real time.</li> <li>- Contextual-covers context of events.</li> </ul>	<ul style="list-style-type: none"> <li>- Time consuming.</li> <li>- Selectivity-unless broad coverage.</li> <li>- Reflexivity-event may proceed differently because it is being observed.</li> <li>- Cost-hours needed by human observer.</li> </ul>
<i>Participant observation</i>	<ul style="list-style-type: none"> <li>- (<i>Same as above for direct observations</i>).</li> <li>- Insightful into interpersonal behaviour and motives.</li> </ul>	<ul style="list-style-type: none"> <li>- (<i>Same as above for direct observations</i>).</li> <li>- Bias due to investigator's manipulation of events.</li> </ul>
<i>Physical artefacts</i>	<ul style="list-style-type: none"> <li>- Insightful into cultural features.</li> <li>- Insightful into technical operations.</li> </ul>	<ul style="list-style-type: none"> <li>- Selectivity.</li> <li>- Availability.</li> </ul>

**Table 3.2** Six sources of evidence. Source: Yin 2003 p.86

### *3.4.1 Secondary data*

Saunders (2000) points out, that secondary data is data, which already has been collected by someone else, for another purpose. Statistics and reports issued by governments, trade associations, and so on, are some sources of secondary data. The annual report and the enterprise's homepage are other sources of secondary data. (Saunders, 2000)

In this thesis we have used the homepage's of our case study companies for providing general company information in our data collection chapter.

### *3.4.2 Primary data*

Primary data is collected directly by the researcher for a specific purpose. Two main techniques for gathering primary data exist, that is, inquiries or interviews. Either one, or a combination of both, can be used. (Saunders, 2000)

Inquiries can reach a geographically dispersed sample simultaneously, since the interviewer presence is not needed. However, the absence of the interviewer brings that the questioning process is beyond the interviewer's control, and the respondent does not have the opportunity to ask the interviewer questions. Therefore, the questions have to be standardized, and quite structured, so that the respondent does not interpret them wrongly. Problems that would have been clarified in a personal or telephone interview remain misunderstandings in an inquiry. (Saunders, 2000)

Since we wanted to ask rather complex questions, we decided that inquiries would not suit our research. Instead, we have used two telephone interviews, to facilitate the gathering of primary data.

## **3.5 Sample selection**

In order to select a sample for our case study, we have used judgmental sampling. Judgmental sampling basically means that the researcher select cases best suited to answer the research questions. This form of sample is often used when working with small samples such as in a case study research when you want to select cases that are particularly informative (Saunders, 2000).

We have then chosen to look at the sponsorship collaboration with the sponsor Löfbergs Lila and the sports entity of Färjestads BK, since that would be informative and answer our research questions in a satisfactory way. The two objects of our telephone interviews were Sven-Erik Eriksson, marketing director of Löfbergs Lila AB and Thomas Rundqvist, the marketing director of Färjestads BK. We believe that these two are the most suited to answer our questions, since they are in charge of the marketing function in their respective organization. The reason for choosing Löfbergs Lila and Färjestads BK as case study objects, were that we believe they represent a successful example of a sports sponsorship relationship in Sweden. The reason that we voluntarily chose to look at sponsorship in Swedish ice hockey is because we as authors all have a personal interest in the sport.

### 3.6 Data Analysis

Data analyses consist of examining, categorizing, and tabulating or otherwise recombine the collected data. (Yin, 2003)

*There are three concurrent flows of activity in data analysis (Yin, 2003):*

1. *Data reduction:* Selecting, focusing, simplifying, abstracting and transforming the data. The purpose is to organize the data so that a final conclusion could be drawn.
2. *Data display:* Taking the reduced data and display it in an organized and compressed way so that conclusions could be easily drawn.
3. *Conclusion drawing/verification:* Noting regularities, patterns, explanations, possible configurations, casual flows and propositions.

Then the data collected for each research question is reduced and simplified through use of within case analysis. The within case analysis is performed by comparing the empirical findings with already existing theories and concepts brought up in the conceptual framework. (Yin, 2003)

Since we only have a single case to study, we will be using a within case analysis to analyze our data. Although we are doing interviews with two different companies, Löfbergs Lila and Färjestad, they are actors on different sides in the sponsorship process and therefore we will be using the data collected as one case.

### 3.7 Validity and reliability

#### 3.7.1 Validity

Validity refers to how well a specific research method measures what it is supposed to measure. (Saunders, 2000). A validity problem could be if our interview guide were poorly constructed. Generally, other types of validity problems could lie in the analysis of the data and the conclusions drawn. (Saunders, 2000)

More general threats to validity are the following according to Saunders (2000):

*History:* One may decide a particular opinion that employees have about job security in a particular organization. But if this research is done shortly after a major redundancy program this may have a misleading affect on the result.

*Testing:* If the interviewee believes that the result of the research may disadvantage them in some way, then it is likely that it affects the result.

*Mortality*: Participants in the research may drop out of the study. Which causes problem for the researchers where new participants have to be looked for and work rewritten.

*Ambiguity about casual directions*: Poor performance could be related to negative attitudes towards appraisal.

To increase validity, we have chosen to interview both sides in the sports sponsorship process, both the sponsor and the sports entity. During the interview we used a tape recorder in order to increase the validity of or answers and we also had a speakerphone and took notes during the interview.

A possible validity problem for us is the fact that the interviews are conducted in Swedish and then are supposed to be translated to English, which could call for errors in translation that could lead to a validity problem.

### 3.7.2 Reliability

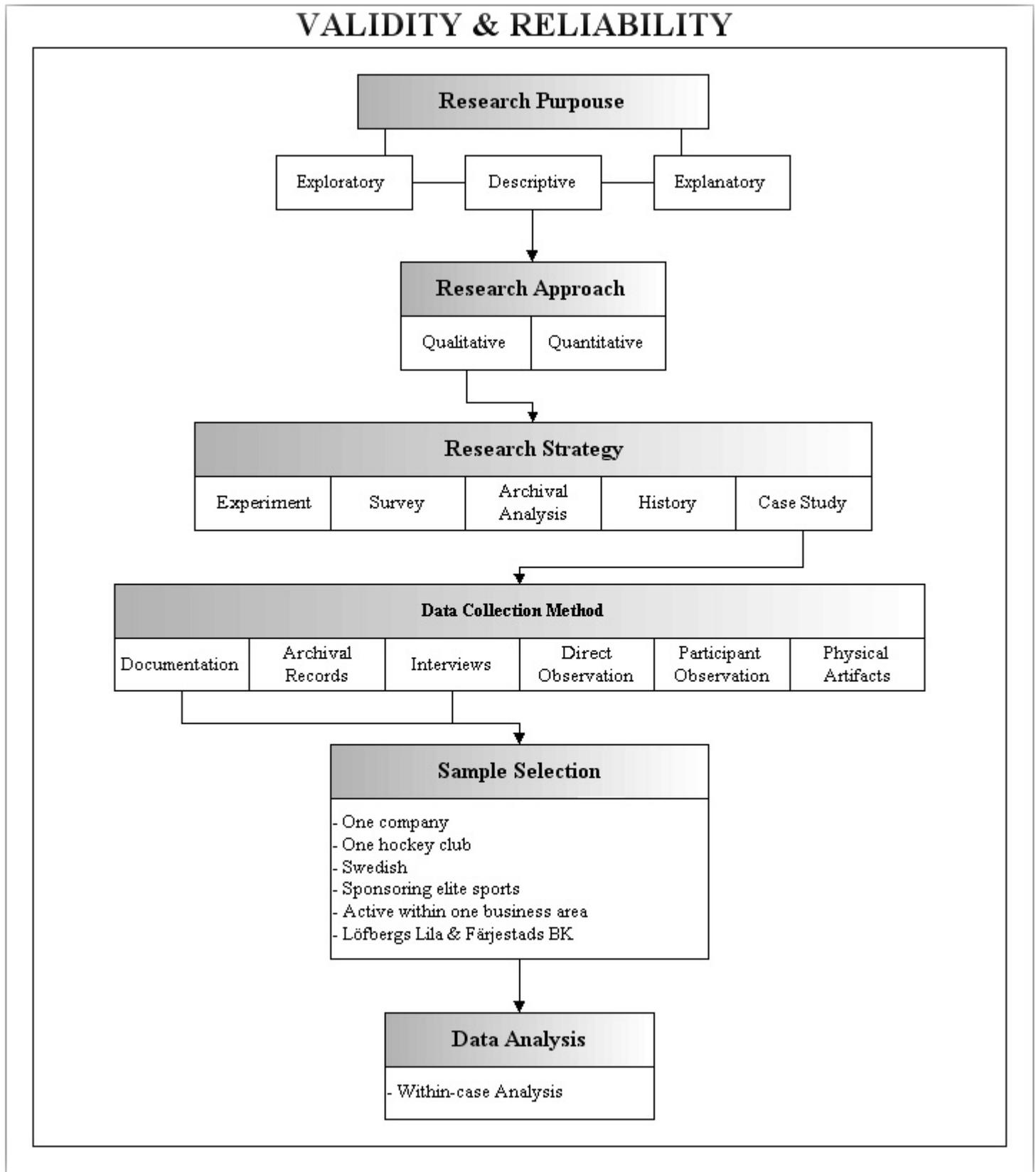
A research holds high reliability if it can be repeated. Several times and the results are the same, or almost the same. One reliability problem could be if the respondent is not suited to answer our questions properly, to eliminate that problem, we have chosen to interview the marketing directors of both the sponsor and the sports entity.

More general threats to reliability are the following according to Saunders (2000):

- *Subject error*, timing of interviews. A questionnaire that is completed at different times of the week might resolve in different results. Friday afternoons might show a different picture than a Monday morning. A more neutral time of the week should be chosen, when employees may be expected to be neither on a “high” looking forward to the weekend, nor “low” with the working week in front of them. Therefore we chose to conduct our interview in the middle of the week to avoid this problem.
- *Subject bias*: The interviewees may say things that their bosses wanted them to *say*. This is mainly a problem in organizations which are characterized by an authoritarian management style or when there is a threat of employment insecurity. Elaborate steps might be taken to ensure the anonymity of respondents to questionnaires. When analyzing the data one has to ensure that the data is telling what one think they are telling.
- *Observer error*: If to many that does the research, one can end up with many different ways to eliciting the answers that have been received. Introducing a high degree of structure to the interview schedule will lessen this threat to reliability.
- *Observer bias*: Different approaches to interpreting the replies.

### **3.9 Summary**

In this chapter we have stated how we conducted our research in order to best answer our research questions. In our next chapter, we will present the empirical data that we collected for our study. A graphical summary of the chapter follows on the next page.



**Figure 3.3** Graphical summary of Research Methodology

## 4 Data Presentation

*In this chapter, the empirical data collected from our two interviews will be presented. We interviewed both sides in the sponsorship collaboration, the sponsoring company Ljöbergs Lila and the sports entity Färjestads BK, which together makes our case study. Both of the company's will be presented here, following their answers on our research questions in the order that we stated them in chapter one and in our conceptual framework.*

### 4.1 Company information- Ljöbergs Lila

Three brothers Anders, Josef and John Ljöberg founded Ljöbergs Lila in 1906. The main reason for starting the company was that Anders thought the large trading businesses that were located in Gothenburg and Malmö that supplied colonial products were located too far away and therefore decided to start up his own colonial import company in Karlstad. Today the coffee corporation Ljöbergs Lila have 150 employees and 1 billion SEK in turnovers 2002 and produced 16 000 ton of coffee.

Ljöbergs Lila first started to use sponsorship as a marketing communication tool for approximately 40 years ago. When advertising was introduced on the hockey uniforms in 1959/60, Ljöbergs Lila was a sponsor from the start. But not with Färjestad, in the beginning Ljöbergs Lila was the official sponsor of Djurgården. The 15<sup>th</sup> of September 2001 the grand opening of Sweden's most modern sport and event arena, Ljöbergs Lila Arena occurred. Färjestad owns Ljöbergs Lila Arena and the official sponsor is Ljöbergs Lila. The reasons why Ljöbergs Lila made such a great investment in the arena, is because Ljöbergs Lila thinks that as a Swedish family business it is important to have a rich sport and public entertainments life in its home district Karlstad.

The sponsoring is a very important part of Ljöbergs Lila's marketing since it is an effective way of communicating with the coffee consumer. In charge of Ljöbergs Lila's sponsoring activities as well as marketing in general, is our respondent Sven-Erik Svensson. Sponsoring creates activities for both the company and the brand Ljöbergs Lila, but at the same time it is important that the investments agrees with the companies core values and connects with the product in a natural way.

It is important that it exist modern and competitive arenas for sport and event activities in middle sized cities, or else there is a large risk that all the competitions and events end up in the big cities. Färjestad is very important for Karlstad and with such a good team it suits to have one of Sweden's most modern arenas. Through the arena Ljöbergs Lila shows its brand at the same time as they contributes Karlstad's visibility in Sweden and internationally.

#### 4.1.1 RQ 1- Objectives

Sponsorship has always been important for Ljöbergs Lila's marketing mix as they started to sponsor hockey teams as early as 1960. As a sponsorship objective, Ljöbergs Lila wants to expose its brand in an environment filled with excitement, and therefore hockey is very suitable according to Mr. Svensson, since the awareness of hockey in general is high within

the consumer's minds. Mr. Svensson further states that hockey on the elite level has become much of a family oriented event in recent years, and therefore it has become an opportunity to reach new target markets as well as increase the brand awareness. It is also of importance that the sponsorship could act as an integrated part of Löfbergs Lila's general marketing communication.

Coffee is a natural part of any sporting event and hockey games in particular, due to it being served to the audience in the arena. Media coverage of the sponsorship is also of high importance for Löfbergs Lila, both in terms of television and printed media, as it provides opportunities to expose its brand.

Threat of competition is not an objective for Löfbergs Lila says Mr. Svensson, and explains the fact that another Swedish Coffee Company, Gevalia, also is a main sponsor for another Swedish hockey club with coffee being a natural part of a hockey experience. Another objective for Löfbergs Lila is the local loyalty the company has towards Färjestad and the region of Värmland in general. Mr. Svensson states Löfbergs Lila wants to give a helping hand in "placing Värmland on the map". Relationship marketing and the opportunity to strengthen and create new business relationship, is another objective, which has become increasingly important in the case of Färjestad, considering the new arena with VIP-lounges and other opportunities for interaction.

Participate in events with Färjestad that could provide Public Relations benefits, is also an objective for Löfbergs Lila. Mr. Svensson here refers to possibilities to associate the brand with Färjestad in times of success, such as Färjestad winning the Swedish Championship or signing a high profile player to the club. The general success for a sports entity is also an important objective for Löfbergs Lila, due to the desire to associate themselves with success and the fact the success also means increased media coverage for Löfbergs Lila as a sponsor. With the word success, Mr. Svensson here refers to success in a sports perspective, which for instance could be winning games and championships, which leads to higher exchange on the invested capital.

#### *4.1.2 RQ 2- Selection*

The first consideration when it comes to selection of a particular sponsorship for Löfbergs Lila is that the sport has to have a broad interest within the general public. Mr. Svensson here gives hockey and athletics as two examples on such sports. The long-term impact of the sponsorship is another important factor for the company, who prefers to sign their sponsorship deals for the course of at least three years at the time.

Uniqueness is another factor of importance. If Löfbergs Lila is the main sponsor of a sports entity, the audience should easily notice it. Mr. Svensson here gives the example of showing off the company colors of purple and yellow for instance. The image compatibility between Löfbergs Lila and the sponsored sports entity is essential as well according to Mr. Svensson, adding that it should be natural to encounter Löfbergs Lila's products in the context of the sponsored sports entity.

When it comes to the selection of which type of sports entity to sponsor, Ljöfbergs Lila has the policy not to sponsor individual athletes, due the risk of a deteriorating image of the individual athlete reflects upon the sponsor. Mr. Svensson here gives the example of the Swedish athletics star Ludmilla Engqvist, who were found guilty of doping a couple of years ago, and the negative impact that had on her sponsors. Mr. Svensson also states that the risk of an injury is greater on an individual athlete compared to a team. Mr. Svensson says that sponsoring a team does not mean a risk in the same sense since a team is not dependent on individuals in the same way.

#### *4.1.2 RQ 3- Effect measuring*

It is hard for Ljöfbergs Lila to detect whether or not success for Färjestad in a sports perspective has a direct impact on sales, due to fact that a number of other factors than the sponsorship determine the sales. Other factors determining sales that Mr. Svensson mentions are for instance product characteristics and other parts of Ljöfbergs Lila's marketing mix. Of the same reason, Ljöfbergs Lila can not detect whether or not it exists a local loyalty towards their brand in Värmland or not, since sales in Värmland are depending on the same factors as sales nationwide and sponsorship, as previously stated, are just one of many factors.

Ljöfbergs Lila is always evaluating their sponsorship deals continuously and they are also making a final evaluation of it at end of each hockey season with Färjestad for instance. The purpose with the evaluation is to determine whether or not the sponsorship have reached its objectives for Ljöfbergs Lila or not.

The general ways that Ljöfbergs Lila uses for evaluating the effectiveness of a sponsorship are the advertising awareness, the media coverage in television and in printed press and the audience numbers in the sports arena. Mr. Svensson also states that success for Färjestad increases the brand value of Ljöfbergs Lila, according to research. As previously mentioned, success here, refers to success from a sports perspective.

## **4.2 Company information- Färjestad**

Gösta Jonsson Sven Larsson, Erik Myrén and Sten Bryske founded Färjestad BK The 10th of November in 1932. But at this time it was only soccer and bandy that was played in the sport association. In the beginning of the 1940's a new sport association was founded, the ice hockey association. Unfortunately the ice hockey association was no large success since there was lack of interest in Värmland at the time. The Ice hockey association was closed down, but was back again in 1956.

In 1957 they played on artificially frozen ice with room for 10,000 standing spectators. In 1960 a very important person for the development of Färjestad's BK entered the stage, namely Kjell Glennert. He became a real driving force for the hockey club and was the chairman from 1963-1999. By 1968 they had build a roof over the rink. 1974 the indoor ice rink got seating capacity and roomed 6000 spectators. In the end of the 1980's some of the

standing capacity were taken away and roomed 4700 spectators. In 2001 a big happening occurs when the event arena Löfbergs Lila Arena is inaugurated.

Currently Färjestad have 75 employees, which includes the team and trainers. Färjestad have an annual turnover of 120 million SEK. The annual turnover has increased by almost three times since the Löfbergs Lila Arena was built in 2001. With the old arena the annual turnover varied between 44-47 million SEK. Our respondent from Färjestad was the marketing director Thomas Rundqvist, who is in charge of everything concerning Färjestad's deals and relationships with their sponsors.

#### *4.2.1 RQ 1- Objectives*

To have sponsoring companies have always been important for Farjestad to be profitable and it has become more and more important since the annual costs have increased due to more personnel and higher expenditures with the new arena. Färjestad's main objective with sponsorship as a sports entity is to strengthen its own brand and be associated with other strong brands. Färjestad consider their sponsors to be business partner's more than just contributors of money and together they are aiming for a mutual exchange with the sponsor. It is very important for Farjestad that the sponsors' goals are fulfilled and satisfied when the season is over. Mr. Rundqvist also stated that the Farjestad is dependent on the sponsoring revenues in order to continue having a top-level team in the league.

The possible media coverage of the sponsorship is an important objective for Färjestad, as both themselves and the sponsor have a desire to communicate their respective brands through media such as television and newspapers. For some sponsors this is the only and most important reason for sponsoring Färjestad. Mr. Rundqvist also states that success for Färjestad as a sports entity gives a sense of credibility to the potential sponsors. Success for Färjestad also means a longer season and the advantage of the increased media coverage in the hockey playoffs, which leads to a higher interest towards Färjestad and more sponsors are becoming interested in sponsoring the team. Mr. Rundqvist states that Färjestad has earned credibility for investing on a long-term basis and the fact that they have succeeded to keep a top position for several years, and many companies want to be seen together with a winner. The greater success on the hockey rink Färjestad achieves, the more exposure they get in the media. Which is an important factor for the sponsoring companies. The sponsorship also means a great deal for Färjestad in terms of revenue. Mr. Rundqvist estimates that approximately 50 percent of Färjestad's annual turnover of 120 million SEK comes from various sponsorship deals.

Relationship marketing is another important part of Färjestad's sponsorship objectives. Färjestad are giving their sponsors the opportunity of gathering together within sponsorship networks in order to maintain and improve companies' business relations. Färjestad also offer their sponsor VIP-lounges in the arena and organizes kick off-gatherings in the start of every season and also other types of events where the sponsoring companies have the opportunity to interact with each other, such as trips to away games and one training a week for the sponsors, in order for the sponsors to meet each other on a regular basis. But it is up to the companies themselves how they want to use this opportunity. Some do a lot of business and say that they

can't afford not to be a sponsoring company, while others just think of it as a fun event to participate in.

#### *4.2.2 RQ 2- Selection*

Thomas Rundqvist says that Färjestad, as a sports entity is a very good sponsoring opportunity, adding that a lot of companies want the opportunity to be associated with them, because they believe it is an effective sponsoring place and wants to be seen among strong brands. Reasons for companies sponsoring Färjestad, according to Mr. Rundqvist, are mainly to improve their image and please their customers, suppliers and employees, which in many cases have a personal interest in Färjestad and hockey in general. This lead to that the people within the sponsoring companies can identify themselves with the team.

Färjestad is aware of the fact that some brands and industries are not appropriate to be associated with from their perspective, since that could hurt Färjestad's brand image. Mr. Rundqvist here gives examples such as alcohol beverages and the adult entertainment industry as not appropriate as potential sponsors. However, the exact match between the audience in the arena and the sponsor is not of high importance for Färjestad. Instead Färjestad try to recruit companies that they can cope well with and strengthen both the brand and the image of Färjestad and the sponsoring company.

Mr. Rundqvist emphasizes that a long-term relationship with the sponsor is the most important objective for Färjestad when it comes to selecting sponsors, and are very careful with not signing short term sponsoring deals. This is because Färjestad wants to build up something together with the sponsors, in order for them to have the time to see the result and benefits of the sponsorship deal. Mr. Rundqvist says that Färjestad are usually trying to tie up the sponsors on three year-deals. When it comes to major sponsors and the possible uniqueness of those, Mr. Rundqvist sees both advantages and disadvantages. He claims that uniqueness of a single sponsor could close down on some opportunities for Färjestad, but on the other hand he states the cooperation with their main sponsor, Löfbergs Lila, gives the club a needed long-term security and that they both share the same visions. Färjestad does not want to give one or a few sponsors the sole right, because Färjestad is dependent on all sponsors. Färjestad try's to avoid signing deals with companies that would prevent them from signing sponsorship deals with its competitors.

When it comes to the location of the sponsor, Mr. Rundqvist says that the working process is easier with a sponsor located with their headquarters locally, which is the case with Löfbergs Lila for instance. That is due to the quicker decision-making process in relation to if the headquarters of the sponsoring company where situated in Stockholm or even abroad. It has become much more difficult to get sponsor money from companies that have moved its head office from Karlstad and Värmland to other locations. Mr. Rundqvist also thinks that it is an advantage that both Löfbergs Lila and Färjestad share the same vision, both are not happy by being in the top level in Sweden, but they also want to succeed internationally. When going internationally they can use each other as pacemakers in order to succeed.

#### 4.2.3 RQ 3- Effect measuring

In some sponsorship deals with Färjestad, the sponsor is obligated to carry out some marketing activities for Färjestad, participate in various events or produce souvenirs. How efficiently that is carried out, is one way for Färjestad to measure the effect of a certain sponsorship. But Färjestad is also asking the companies if they are satisfied and if anything could be done better, and if the deal has corresponded to their expectations. Due to that the sponsoring companies and Färjestad knows each other very well, Färjestad almost immediately gets to know if something is not satisfying in the sponsorship deal.

The results of the media coverage from the sponsorship are evaluated through to umbrella organization for the Swedish elite hockey clubs called Svenska Hockeyligan. Svenska Hockeyligan provides with media coverage statistics and ratings for the elite clubs. Färjestad for instance, had approximately a total of 70 hours of television coverage in the 2002-2003-hockey season according to Mr. Rundqvist.

Changes in awareness, either for Färjestad or the sponsor, is not an important measurement tool for Färjestad says Mr. Rundqvist, mainly due to fact that such changes would be too hard to measure. When it comes to measuring sponsorship sales, the success of Färjestad as a sports entity are directly related to new sales. Instead the sponsoring companies have to compare it with the result they would receive if they had done other marketing efforts such as ads in newspapers and television for an example. Färjestad also have informal methods of evaluating the sponsorship, due to personal relationships with representatives from the sponsors.

Mr. Rundqvist also believes that sponsorship could derive a local loyalty among consumers towards a certain brand; in this case mainly Löfbergs Lila. Due to the arena name Löfbergs Lila and that Färjestad play their hockey games in uniforms with the same colors as Löfbergs Lila's coffee packages, Mr. Rundqvist believes there is a match between the two in the mind of the consumer. A match that would associate the colors purple and yellow both with Färjestad and with Löfbergs Lila.

### 4.3 Summary

In this chapter we have presented our empirical data, collected from our two interviews. In the next chapter we will compare the data with our conceptual framework and then conduct a within case analysis.

## 5 Data Analysis

*In this chapter we will analyze our collected data, utilizing a within case-analysis for each of our three research questions. For conducting the within case-analysis, the data collected will be compared to the theories brought up in our conceptual framework in chapter two of the thesis.*

### 5.1 RQ 1- Objectives

In our conceptual framework, Shank (1999) lists six common objectives for sports sponsorship, objectives that are also frequently used by other researchers such as Amis & Slack and Pope. The six objectives are awareness, relationship marketing, reaching target markets, image building, competition and sales increases.

Furthermore in our conceptual framework, Sherry (1998) emphasizes the importance of the public relations factor as a sponsorship objective.

#### 5.1.1 Ljöfbergs Lila

Of those objectives mentioned in the section above, Ljöfbergs Lila believes that image building, in terms of associating themselves with a successful sport entity like Färjestad, in sport like hockey with broad public interest and awareness, would be beneficial from an image point of view. Another image-related objective is that Ljöfbergs Lila feels that sponsoring Färjestad is a way of supporting the region of Värmland, which could serve as tool for improving the company image.

Ljöfbergs Lila also feels that their coffee products are a natural part of hockey experience and therefore sponsorship of a hockey club such as Färjestad would heighten brand awareness and give an opportunity to reach new target markets. Increasing sales is also an ultimate objective for Ljöfbergs Lila, as well as relationship marketing.

The one objective that Ljöfbergs Lila differs from Shank's (1999) stated objectives are competition. Ljöfbergs Lila does not make their sponsorship decisions based on possible threats from competitors and risk of ambush marketing. Ljöfbergs Lila here believes it to be quite natural that competitors of the company also sponsor Swedish hockey teams and they are not threaten by it in any way.

In accordance with Sherry's (1998) theories are the facts that Ljöfbergs Lila rates the possible media coverage high as a sponsorship objective and that the company values the opportunity to participate in events with Färjestad, that could give positive public relation effects. An example of such an event could be if Färjestad signs a high profile player, which creates an opportunity for Ljöfbergs Lila to take advantage of to achieve positive PR.

### 5.1.2 Färjestad

Like the sponsoring company Löfbergs Lila, the sports entity Färjestad also rates the image-building objective quite highly. Färjestad aims to strengthen its own brand by associating it with other strong brands in a sponsorship relation.

From an image point of view, success for Färjestad in a sports perspective is also important, since it strengthens the brand and makes them attractive for sponsors. Success from a sports perspective also leads to increased media coverage, which is important both for Färjestad and for the sponsors since it provides increased brand exposure.

In line with Shank's (1999) objectives, Färjestad rates relationship marketing as an important objective. Färjestad treats its sponsors as business partners and provides settings for interactions between different sponsoring companies as well.

Revenue or sales from the sponsorship is vital as an objective for Färjestad, since approximately 50 percent of their annual turnover is derived from various sponsorship deals. To contradict Shank, Färjestad has no clear objective for sponsorship when it comes to generate awareness or to reach new target markets. Neither is Sherry's (1998) public relation objective of any importance for Färjestad.

### 5.1.3 Matrix summary

In order to summarize our analysis for this research question, we will be using a table in form of a matrix. The matrix will show the theory stated compared to data derived from our two interviews in our case study:

Table: 5.1

<i>Theory- Objectives</i>	<i>Löfbergs Lila</i>	<i>Färjestad</i>
<i>Awareness</i>	++	+-
<i>Relationship marketing</i>	++	++
<i>Reaching target markets</i>	++	+-
<i>Image building</i>	++	++
<i>Competition threats</i>	+-	+-
<i>Sales increases</i>	++	++
<i>Public Relations</i>	++	+-

The key for the used coding in the matrix is the following:

- ++ Important both in theory and for the respondent
- +- Important in theory but not for the respondent
- + Important for the respondent but not in theory
- Important neither in theory nor for the respondent

As shown previously in the chapter, the most important objectives for both sides in the sponsorship relations are relationship marketing, image building, sales increases and public

relations. The sponsor however, also emphasizes awareness and reaching target markets as important objectives and the sponsor's objectives are generally more in line with the theory.

## **5.2 RQ 2- Selection**

As stated by Brassington and Pettit (2000) in our conceptual framework, a sponsorship decision is based on the following factors: relevance, length of impact, uniqueness, spin-off promotion and compatibility. For the selection of which type of sports entity, Shank (1999) separated sport entities in athletes, teams, leagues/sports and events.

### *5.2.1 Löfbergs Lila*

Löfbergs Lila's two main considerations in the selection process is that the sponsored sports entity should be in a sport of general public interest, which is coherent with what Brassington and Pettit (2000) states about relevance, and the long-term impact. Löfbergs Lila wants to sign sponsorship deals over the course of three years at the time. The importance of the long-term impact is also in accordance with Brassington and Pettit.

The factor of uniqueness in the sponsorship and maybe being the sole sponsor is also of importance for Löfbergs Lila, as it is for Brassington and Pettit. Löfbergs Lila also states that the image compatibility between the company and the sponsored sports entity is essential and it should be natural the encounter the company's products in context of the sponsored sports entity. This is also in accordance with Brassington and Pettit's theory.

The principle on which Löfbergs Lila decides for which type of sports entity to sponsor, is in accordance with Shank's (1999) theory since Löfbergs Lila does not sponsor individual athletes due to the risk of image problems to could occur from inappropriate behavior from the athlete.

### *5.2.2 Färjestad BK*

The main consideration for Färjestad in the selection process is that the deals are done on a long-term basis at least three years at the time. As Färjestad sees it the main reasons for companies to sponsor them is because they wants to strengthen their image and please their customers, suppliers, and employees. All of this in line with Brassington-Pettit (2000).

In Färjestad they believe that having a sole sponsor could be both good and bad. To have one sole sponsor could close down possibilities for others who want to sponsor but it can also mean a long-term security, which is in accordance with Brassington-Pettit. It is also of importance with the major sponsors that they share the same vision and strives towards the same goal, which is not an issue brought up in any theory.

It does not have to be an exact match between the sponsor and the audience but the sponsoring company can't be one that have a bad reputation or who are in risk of getting bad publicity, which contradicts theory of Brassington-Pettit. The location of the sponsored companies head office is not of great importance. However it facilitates if the head office is located close by, since it is easier to get in contact with them.

### 5.2.3 Matrix summary

In order to summarize our analysis for this research question, we will be using a table in form of a matrix. The matrix will show the theory stated compared to data derived from our two interviews in our case study:

Table: 5.2

<i>Theory- Selection</i>	<i>Löfbergs Lila</i>	<i>Färjestad</i>
<i>Relevance</i>	++	++
<i>Length of impact</i>	++	++
<i>Uniqueness</i>	++	+-
<i>Spin-off promotion</i>	+-	+-
<i>Compatibility</i>	++	+-
<i>Sharing the same visions</i>	-+	-+

The key for the used coding in the matrix is the following:

- ++ Important both in theory and for the respondent
- +- Important in theory but not for the respondent
- + Important for the respondent but not in theory
- Important neither in theory nor for the respondent

An issue not brought in theory, but that is important for both sides are the criteria of both sides sharing the same visions about the future. Other than that, most of the selection criteria's are in line with the theory used, although it is still more relevant for the sponsor rather than the sports entity.

### 5.3 RQ 3- Effect measuring

In the conceptual framework we have relied mainly on Meenaghan's (1983) theory on how to measure the effectiveness of sport sponsorship. The theory consists of four methods. The four methods are measuring the sales effectiveness from the sponsorship, communication effectiveness of the sponsorship, media coverage resulting from the sponsorship and the continuing appropriateness of the sponsorship over time.

Furthermore we will support Meenaghan's theory with the three-step method of evaluation developed by Bennet in 1999. This method includes measuring the effectiveness regarding awareness and position with the desired target market before the sponsorship, Detection of changes during the sponsorship and evaluation of the possible changes after the sponsorship.

### 5.3.1 *Löfbergs Lila*

Löfbergs Lila has not been able to detect a direct impact of the sales increase because there are other factors such as the product characteristics and other parts of Löfbergs Lila's marketing mix that influence the sales. Therefore they cannot measure the sales effectiveness from the sponsorship, however they believe that the success for the sponsored sports entity such as Färjestad will help them to strengthen their brand. To be able to measure the communication effectiveness from the sponsorship Löfbergs Lila is looking at the increase of advertising awareness. Löfbergs Lila also states that they are measuring the effectiveness of the media coverage as well as printed press.

In contradiction to Meenaghan (1983), Löfbergs Lila does not measure the effectiveness regarding continuing appropriateness of the sponsorship over time. This is more important regarding the sponsorship objectives according to Löfbergs Lila. They can not detect if there exists a local loyalty towards their brand either, due to the same reasons as it can not detect whether sales is dependent on the sponsorship.

Löfbergs Lila states that it is hard to be able to detect changes during the sponsorship, but to be able to do that Löfbergs Lila are evaluating their sponsorship agreements continuously and are also making a final evaluation in order to see if the sponsorship objectives have been reached.

In contradiction to Bennet's three-step method Löfbergs Lila are not looking at the awareness and position of the desired target market before entering the sponsorship.

### 5.3.2 *Färjestads BK*

If Färjestad is successful during the season they can detect increased sales, which is considered to be new sales and would not have occurred without the success, and this is a way to measure the sales effectiveness of the sponsorship. Regarding the measurement of media coverage, Färjestad receive monthly statistics from Svenska Hockeyligan. Which is an important tool for them to measure the media coverage effectiveness from the sponsorship. When it comes to measure the communication effect, Färjestad are looking at how well the relationship between the organization and their sponsors are working, this is made continuously through out the season.

In contradiction to Meenaghan, Färjestad cannot measure the effectiveness regarding the continuing appropriateness of the sponsorship over time. This is because it is too hard to measure according to Färjestad. However they believe that the sponsorship can derive a local loyalty towards a brand such as Löfbergs Lila.

Färjestad is not using Bennet's three-step method when evaluating the sponsorship agreement.

They further say that it is not important for Färjestad to measure the awareness before the sponsorship, mainly because it is too hard for them to measure. He further states that they do

evaluate the effectiveness in a more informal way, more based on personal relationships than statistical information.

### 5.3.3 Matrix summary

In order to summarize our analysis for this research question, we will be using a table in form of a matrix. The matrix will show the theory stated compared to data derived from our two interviews in our case study:

Table: 5.3

<i>Theory- Effect measuring</i>	<i>Löfbergs Lila</i>	<i>Färjestad</i>
<i>Sales effectiveness</i>	+ -	++
<i>Communication effectiveness</i>	++	++
<i>Media coverage</i>	++	++
<i>Continuing appropriateness</i>	+ -	+ -
<i>Evaluation before</i>	+ -	+ -
<i>Evaluation during</i>	++	++
<i>Evaluation afterwards</i>	++	++

The key for the used coding in the matrix is the following:

- ++ Important both in theory and for the respondent
- + - Important in theory but not for the respondent
- + Important for the respondent but not in theory
- Important neither in theory nor for the respondent

As shown in the matrix, the theory is somewhat relevant when it comes to the issues that are easier to measure, such as the media coverage. Sales effectiveness and appropriateness for instance, are harder to evaluate and therefore not that important. Other issues, such as the evaluation during and afterwards are conducted, but more informally than in theory.

## 5.4 Summary

In this chapter we have analyzed the collected data, by comparing it to existing theory in a within case-analysis. The following chapter will contain our own findings and conclusions of the research, as well as implications for management, theory and suggestions for further research.

## 6 Findings and Conclusions

*In this chapter we will present our findings and conclusions from our research in the order of our three research questions. We will also present the implications of our research for management, theory and future research.*

### **6.1 How could the objectives for sport sponsorship be described- from the sponsor and the sports entity perspective?**

Our research indicates that there exist several forms of objectives within the area of sports sponsorship. For both the sponsoring company and the sponsored sports entity, the primary objectives are image building, relationship marketing, achieve media coverage and to increase sales or revenue.

Regarding the objective with image building, our research has shown that success in a sports perspective for the sponsored sports entity is very essential. Such success strengthens the brand image of the sports entity and makes it an attractive choice for the potential sponsor, who wishes to associate their brand with something successful. Therefore one could conclude that success in a sports perspective works as a positive flow for the sponsor as well as for the sports entity, as it strengthens their brands and increases the awareness. Local collaboration is another important factor here, as the sponsoring company could try to strengthen its own image locally by sponsoring a local sports entity.

Basing the sponsorship decision on threat from the competition was not an important factor in our study since the sponsoring company in our case study, did not perceive it as a threat. Instead they perceived it just as normal that other companies in their industry are interested in sports sponsorship as well.

The sports entity in our case study, sees it as an important objective to create an environment for companies to strengthen and build relationships in the context of the sponsorship and from the sponsoring side, this opportunity of relationship marketing is an important sponsorship objective. Furthermore, the media coverage and possible public relation opportunities are important as objectives. Just as with the image building, the sports success is an important factor here as well, as such success increases the media coverage and the number of public relations opportunities.

Increase of sales and increase of revenue is also an important objective, which also ties into sports success. The sports entity is likely to increase sponsorship revenue in case of success, which is an important source of income since approximately fifty percent of the turnover for the sports entity in our study comes from sponsorship. The sponsor, on their behalf feels that success for the sports entity could ultimately help them to sell their products

A discrepancy is that the sponsoring company is trying to reach new target markets and increasing awareness as sponsorship objectives and the sports entity has not. The reason behind that could be that the sports entity does not have those objectives in a formal way, but they are still indirectly reaching new target markets and strengthen their awareness by being successful, which then could lead to even more lucrative sponsorship deals for them.

In conclusion, we have found these objectives for sports sponsorship to be the primary ones in our research:

- Image building
- Relationship marketing
- Achieve media coverage
- Increase sales (sponsor) and getting revenue (sports entity)

Aside from the objectives mentioned above, we have found these ones to be secondary objectives:

- Reaching target markets
- Public relations
- Awareness

## **6.2 How could the choice of the right sports entity to sponsor be described?**

After analyzing our research we can conclude that for the sponsoring company it is important that the sport have a large audience and is of great importance to the general public. Which means that it gains a lot of space in media and the general public talks a lot about the sport. One selection objective that both the sponsored and the sponsored company can agree on is the importance of having a long-term relationship between each other in order to build a successful partnership that both parties can benefit from.

There is also important from the sponsoring side to have a fit between the audience and the product that is sold by the company. However for a the sponsored company it is not that important that there is a fit between the sponsoring company and their audience as long as it is not a company that easily can get bad publicity which can hurt the image of the team and other sponsor brands. As mentioned previously in the chapter, the factor of sports success for the sponsored sports entity is also an important selection factor, due to the fact that such success could strengthen the brand of both the sponsor and the sports entity.

To be the sole sponsor is also a great opportunity for a sponsoring company, because they could have the demand of having their company colors clearly displayed on the team and arena for instance, which was something that came up in our study. This is because they want their company colors to permeate the team and everything around it, which leads to the fact that whenever the sports entity is mentioned, people also thinks of the sponsor and the opposite. There is also an advantage to sponsor a local team. Due to the communication process becomes much easier and the sponsor is also having the chance to market the local and regional area, which can contribute to a stronger home market. If the sports entity is successful, it reflects upon the sponsoring company's image in a positive way.

It is also safer to sponsor a team compared to a single individual. Because if the single athlete gets bad publicity for something that he or she has done it immediately makes the sponsors to look bad. The risks of injuries are also much greater with an individual that could be gone for the whole season and therefore not giving the sponsored company any publicity. But with a team these risks are minimized. However individuals within the teams can get bad publicity that could have bad effect on the image of the sponsoring company.

When selecting which team to sponsor or what company that should be allowed as a major sponsor, it is of importance to share the same visions between the two parties. It is then easier to cooperate and benefit from each other in order to succeed and fulfill the goals that both sides have created. This is not stated in any theory but we discovered it to be of importance in this case.

In conclusion, these are the most important issues regarding selection of sponsorship:

- A sport of broad public interest is more attractive to sponsor than other types of sports.
- It is important that it exist an image compatibility between the sponsor and the sports entity.
- Long-term relationships in the sponsorship are important criteria for both the sponsor and the sports entity.
- Local sponsorship strengthens community and regional relations.
- Sports success for the sponsored sports entity is an important selection criterion for the sponsor.
- The sponsor and the sports entity sharing the same broad long-term visions is another important selection factor.

### **6.3 How could measuring the effectiveness of sport sponsorship be described?**

Our research shows that measuring the effectiveness of sport sponsoring is considered very difficult according to the companies in our case study. The methods that exist to measure the effect of sport sponsoring are not suitable to the two parties in our case study.

The findings about effect measuring from our case study of the sport sponsorship relation between the company and the sports entity, has given us indication that the company cannot measure, and detect if the sponsorship relation has any connection to the sales objectives, and if it exists an increase in revenue from the sponsorship agreement. They can however, strengthen their brand if the sport entity is successful through out the season. On the other hand the sports entity can detect a direct connection between the sponsorship relation and increased revenue as well as reached sales objective. We have also found that both parties can measure the effect of sport sponsorship by looking at changes in media coverage; this is the formal way of evaluating the effect for both parties in the sponsorship agreement. The more successful the sport entity is the more they are displayed in media, and the companies that are

sponsoring the sport entity are more displayed in media. There is also a difference in measuring the communication effect, whereas the sports entity is looking at how well the relationship are working, and the company that are sponsoring are looking at the amount of changes in advertising awareness. Neither of the parties in the relationship is able to measure the continuing appropriateness, due to the fact that it is too difficult to measure.

We have found that neither of the two companies is evaluating the awareness and their target markets before entering a sponsorship relation. However both parts in the relationship are evaluating the relationship during the sponsorship agreement continuously in both formal and informal way. The formal evaluation is statistics from changes in media coverage and advertising awareness. With informal means that both parties have more of a friendship relationship and if something is wrong they receive instant notice of it. However both parties evaluate the sponsorship agreement after finished season to see if the sponsorship objectives have been reached.

Thus following is concluded:

- No evaluation plan exists to measure the effectiveness of the sport sponsorship relation. This should be important to develop for both parties since it should give more stabile measurement.
- The measurement through out the season is made in an informal way and, which is strengthening the relationship.
- There are differences in evaluating the communication objectives.
- The parties in the sponsorship relation are evaluating after the season and they are also checking with each other if objectives have been reached.
- Both parties in the sponsorship relationship consider the effect measurement continuing appropriateness to be too hard to manage.

#### **6.4 Implications for management**

In this thesis we have studied the usage of sports sponsorship as marketing communication tool, from both the sponsoring side and from the sports entity side, so therefore the managerial implications will concern both sides.

First of all there is of importance that the evaluation methods of the sponsorship will be improved, which concerns both the sponsor as well as the sports entity. The current methods do not provide enough in depth information, such as deriving the awareness before the sponsorship in order to compare to the possible changes as the deal progresses. Färjestad should also formally evaluate to what extent sports success could attract new sponsors to them. And they should also look into reaching new target markets and increasing their own awareness through their sponsorship deals in a more direct way, since that could lead to making them more attractive for potential sponsors but also for the fans.

A factor for Löfbergs Lila to keep in mind regarding their policy on not sponsoring individual athletes is the fact, that the key players in a team and their behavior could also cause an image problem for the sponsor as well. This is due to the fact that strong personalities within a team tend to have a substantial effect on the image of the whole sports entity, an image that then reflects upon the sponsor.

Although long-term commitment is an important selection factor for both sponsorship sides, it could be quite risky for a sports entity to be too dependent on a single sponsor. However the sports entity in our study, Färjestad, has managed quite well to balance the needs of their major sponsor Löfbergs Lila, with their own need for independence.

### **6.5 Implications for theory**

The purpose of this research has been to explore and to get a greater understanding within a specific area of research. Our goal was to gain a greater understanding of this phenomenon by answering our research questions that we have connected to how sport sponsorship effectively is used as a marketing tool, and by doing so contribute to previous research. In the end we draw conclusions and also begun to explain certain phenomenon but of all, which need further research considerations.

Looking at the theory used in our research, we have concluded that the theory concerning evaluation methods is not very accurate in regard to our case study. The evaluation process in our case study is not as formal and thorough as in theory, mainly because the evaluation in theory seems to be too difficult to carry out.

Two other issues not brought up in theory is the formally establishing how the factor of sports success affects the sponsorship decision and how a single player in a team could affect the image of the sponsor and the sponsorship decision. Other than those issues, we believe that the theory used has been relevant and appropriate for our research.

### **6.6 Implications for further research**

Sport sponsoring has become more and more important to the sports entities since the costs are increasing rapidly. Therefore we have tried to look at the sponsorship relation between one of the most successful elite hockey clubs in Sweden Färjestads BK and its main sponsor, the coffee company Löfbergs Lila. It is beyond the scope of this research to be able to look at more than one sponsorship relation and how it is conducted.

While working with the research questions several interesting issues have arise and can therefore be subjects for further research:

- How can foreign companies select the right sport entity to sponsor in Sweden
- New kinds of evaluation methods, both for the sponsor and the sports entity
- The perspective of the sports entity in a sponsorship relation

- The importance of success for the sports entity in a sponsorship perspective

### **6.7 Summary**

In this final chapter of the thesis, we have provided our findings and conclusions of the research and the end of the chapter, the implications for management, theory and future research.

---

**Reference list***Books:*

Brassington, Frances & Pettitt, Stephen. (2000) *Principles of marketing*, Essex, Pearson Education Limited, ISBN: 0-273-64444-0.

Behrer, Mattias & Larsson, Åsa. 1998. *Event Marketing – att använda evenemang som strategisk resurs i marknadsföringen*. Göteborg. IHM Förlag AB Novum Grafiska AB, ISBN:91-86460-98-6.

Wells, William. Burnett, John & Moriarty, Sandra. 2000. *Advertising: Principles and Practice*. Fifth edition. New Jersey. Prentice – Hall Inc., ISBN 0-13-083571-4.

Saunders, Mark. Lewis, Philip & Thornhill, Adrian. 2000. *Research Methods for Business Students. Second edition. Essex. Pearson Educational Limited. ISBN 0-273-63977-3.*

Shank. D, Matthew. 1999. *Sports Marketing – A strategic perspective*. New Jersey. Prentice-Hall Inc. ISBN 0-13-621871-7.

Yin, Robert. 2003. *Case Study Research. Third edition*. Thousand Oaks, CA: SAGE Publications. ISBN 0-76-192553-8.

*Articles:*

Nicholls, J.A.F. Roslow,.. 1994. *Sports event sponsorship for brand promotion*. Journal of Applied Business Research Vol. 10 Issue 4, p35, 6p, 2 charts, 1 diagram. Sydney

Quester, Pascal & Farrell, Francis. 1998. *Brand association and memory decay effects of sponsorship*. Journal of Product & Brand Management. Vol. 7 Issue 6, p539, 18p, 6 charts. Australia

Meenaghan, Tony & Shipley, David. 1999. *Media effect in commercial sponsorship*. European Journal of Marketing. Vol. 33 Issue 3/4, p328, 20p, 3 charts, 7 diagrams.

Turley, L. W & Shannon, J. Richard. 2000. *The impact and effectiveness of advertisements in a sports arena*. Journal of Services Marketing. Vol. 14 Issue 4/5, p323, 14p.

Felt, James. Dec2002/Jan2003. *How sports sponsorship can help your brand*. Managing Intellectual Property. Issue 125, p24, 3p, 1bw.

Sherry, J. Greg. 1998. *The key to maximizing your sports sponsorship*. Public Relations Quarterly. Vol.43 Issue 1, p24, 3p, 1bw

Shankling. L, Willian & Kuzma. R, John. 1992. *Buying that sporting image*. Marketing Management. Vol. 1 Issue 2, p58, 9p, 3 charts, 1c.

---

Baranacik, Marcha. 2002. *Brands that build athletes and vice versa*. Beverage Industry. Vol. 93 Issue 4, p46, 2p, 2c.

DeVous, Shelly. 1994. *Sports marketing*. Incentive. Vol. 168 Issue 9, p173, 2p, 2 cartoons

Pope, Nigel. 1998. *Consumption, values, sponsorship, awareness, brand and product use*. Journal of product & brand management. Vol 7 Issue 2, pp.124-136. ISSN 1061-0421.

Bennet, Roger. 1999. *Sports sponsorship, spectator recall and false consensus*. European Journal of Marketing. Vol. 33 Issue 3/4, p291, 23p, 4 charts, 4 graphs.

Clark, M, John. Cornwell, T. Bettina & Pruitt, Stephen W.2002.*Corporate Stadium Sponsorships, Signaling Theory, Agency Conflicts, and Shareholder Wealth*. Journal of Advertising Research. Vol. 42 Issue 6, p16, 17p, 4 charts.

Amis, John & Slack, Trevor.1999. *Sport sponsorship as distinctive competence*. European Journal of Marketing. Vol. 33 Issue 3/4, p250, 23p.

Abratt, R. & Grobler, P.S 1989. *The Evaluation of Sports Sponsorships*. International Journal of Advertising, No. 8, pp. 351-362

Madrigal, Robert. 2000. *The influence of social alliances with sport teams on intentions, to purchase corporate sponsors products*. Journal of Advertising. Vol. 29 Issue 4, p13, 12p, 2 charts, 3 diagrams

*Thesis:*

Eriksson, Jessica & Hjälmsson, Anna. 2000. *Event Marketing as a Promotional Tool*. Department of Business Administration and Social Sciences. Luleå University of Technology, Luleå.

Hultman, Magnus & Lindgren, Olof. 2001. *Sport Sponsorship in Sweden – Case studies describing how two Swedish companies decide upon sport sponsorship proposals*. Department of Business Administration and Social Sciences. Luleå University of Technology, Luleå.

*Material from the World Wide Web:*

[www.lofbergslila.se](http://www.lofbergslila.se) 2003-05-08

[www.farjestadsbk.se](http://www.farjestadsbk.se) 2002-05-08

*Interviews:*

Svensson, Sven-Erik, Marketing Director at Löfbergs Lila, Luleå, 2003, May 7<sup>th</sup> at 15.00.

Rundqvist, Thomas, Marketing Director at Färjestads BK, Luleå, 2003, May 6<sup>th</sup> at 14.00.

## **Appendix A: Interview Guide (English version)**

### General Information

Name of the company:

Number of employees in the company:

Turnover of the company:

Name of the respondent:

Position of the respondent:

Field of business:

### **Background to Sports Sponsorship within the company**

1. When did you start using sports sponsorship as marketing communication tool?

### **RQ 1- Objectives**

2. Which are your objectives with sports sponsorship?
    - Generate awareness
    - Reaching target markets
    - Image building
    - Avoid competition threats
    - Relationship marketing
    - Increased sales
    - Public relation objectives
  3. Is the sponsorship objectives integrated with the other elements of your promotion mix?
  4. Is the possible media coverage essential for you in the sponsorship decision?
  5. Is your sponsorship decision based on threats from competition in your market?
  6. How important for your image building process is it that the sponsored sports entity is successful?
  7. Is there anything that you would like to add regarding objectives?
-

**RQ2- Selection of sports entity**

8. How do you select which sports entity to sponsor?
9. Do you have specific criteria for your selection?
  - Relevance
  - Length of impact
  - Uniqueness
  - Spin-off promotion
  - Compatibility
10. Do you believe that a certain type of sports entity will be suiting your objectives better than others?
  - Athletes
  - Teams
  - Sport/League
  - Events
11. Is there anything that you would like to add concerning selection of sports entity to sponsor?

**RQ 3- Effect measuring**

12. How do you evaluate the effectiveness of the sponsorship?
    - Through sales
    - Through media coverage
    - Through increased awareness
    - Through the appropriateness of the sponsorship in relation to the audience
  13. Is the success of the sponsored sports entity related to sales in a significant manner?
  14. Does it exist a local loyalty towards the brand due to the sponsorship?
  15. When do you evaluate the effectiveness of the sponsorship?
    - During the sponsorship, detecting movements in awareness, target audience and image
    - After the sponsorship
  16. Is there anything you would like to add concerning effect measuring?
-

## **Appendix B: Interview Guide (Swedish version)**

Allmän information

Företagsnamn

Antal anställda

Omsättning

Respondentens namn

Respondentens titel

Bransch

### **Bakgrund till sport sponsring inom företaget**

1. När startade ni använda er av sport sponsring som ett marknadskommunikations verktyg?

### **RQ1-Motiv**

2. Vilka är era motiv med sport sponsring
    - Skapa medvetenhet
    - Nå målmarknader
    - Bygga image
    - Undvika hot från konkurrenter
    - Öka försäljning
    - PR motiv
  3. Är sponsormotiven integrerade med de andra elementen i eran promotion mix?
  4. Är den möjliga mediabevakningen viktigt för ert sponsrings beslut?
  5. Är sponsringsbeslutet baserat på hot från konkurrenter på er marknad?
  6. Hur viktigt är det för er image byggnadsprocess att den sponsrade sport enheten är framgångsrikt?
  7. Är det något Ni vill lägga till angående era motiv för sport sponsring?
-

### **RQ2- Val av sport enhet**

8. Hur väljer ni vilken sport enhet Ni ska sponsra?
9. Har ni specifika kriterier för ert val?
  - Relevans
  - Tidsram
  - Gör det här er unik?
  - Spin-off promotion
  - Förenlighet/kompatibilitet
10. Tror ni att en särskild typ av sport enhet kan passa era motiv bättre än ett annat?
  - Individuell atlet
  - Lag
  - Idrott/Liga
  - Evenemang
11. Är det något som Ni vill tillägga angående valet av sport enhet?

### **RQ3-Mätning av effektivitet**

12. Hur utvärderar ni effektiviteten av sponsring?
    - Genom försäljning
    - Genom mediabevakning
    - Genom ökad medvetenhet
    - Genom kompatibiliteten mellan sponsringen/publiken
  13. Är framgången för den sponsrade sport enheten relaterad till ökad försäljning?
  14. Finns det en lokal lojalitet för varumärket pga. sponsringen?
  15. När utvärderar ni effektiviteten av sponsringen?
    - Under själva sponsringen, påvisa förändringar i medvetenhet, målgrupp och image
    - Efter sponsringen
  16. Är det något som Ni vill tillägga angående mätningen av effektivitet av sponsringen?
-







