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**MASTER THESIS**

**An analysis of the key criteria  
driving the selection process for  
Swedish firms investing in sports  
sponsorship**

Schroder, Ola

Student number: 1552715

University of Wales

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I hope this thesis will contribute to the research area sport sponsorship and that it will give the reader a greater understanding of sport sponsorship and especially the selection process. I hope it will inspire the reader to further investigate in the subject, as I think that the subject would be of interest for many companies.

Dublin, January 2012

**Ola Schröder**

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## ABSTRACT

The use of sport sponsorship as a marketing tool and as a vital part in the promotional mix has grown incredible in the last decades. Furthermore, the impact that sport sponsorship can have on the audience is far greater than the traditional advertising. Moreover, sport sponsorship is a multi-billion industry that is unexplored and it is thereby further important to investigate deeper in this area. One of the biggest problems within sponsorship is to choose the right entity by the right reasons. The purpose of this thesis is to get a greater understanding of sport sponsorship in general but especially a greater understanding of the key criteria used in the selection process within sport sponsorship. Because of time limitations, the study was design only to focus on Swedish companies. In order to reach this purpose, the research questions focus on the objectives, selection process and evaluation of the effectiveness of sport sponsorship. Based on the research questions a literature review was conducted to build the foundation of which further data that needed to be collected for this study. To gather the data a qualitative case study methodology was used, using documentations and interviews of two Swedish companies. The general result of the study was that companies use several criteria in the selection process, and the choice of them depends of the objectives of the sport sponsorship. However, the study shows that some criteria and objectives are seen as more important than others. Moreover, the study implies that criteria and objectives with sport sponsorship often gets more influenced by personal interest when there is no structured strategy from the company and its top management to guideline the sport sponsorship investment. Furthermore, the evaluation of the effectiveness of the sport sponsorship is rarely done at all or thoroughly enough because the lack of methods or the lack of knowledge of how to use the methods. Moreover, based on the results of the study, companies do not consider risks as one of the most important criteria, and thereby do they not evolve any strategies to pre-empt risk.

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# 1 Introduction

*This Chapter will provide an introduction to the chosen area of research. First, a background is presented. Secondly, it continues with the problem discussion where the research area is described further, followed by a presentation of the research purpose and the research question. Finally, limitations and an outline of the thesis are described.*

## 1.1 Background

Corporate sponsorship has become an increasingly more popular medium to use for companies to communicate with their customers. Especially for companies operating in consumer goods (Olkkonen et al, 2000). Corporate sponsorships exploded in the late 1980s through the 1990s, and today the sponsorship industry is a multi billion-dollar industry. According to IEG Network (2001) sponsorship is the world's fastest growing form of marketing. Only in 2010 the total global sponsorship spending reached 46,3US billion dollar and is forecast to increase by 5,2% until 2011, reaching a global spending of 48,7US billion dollar (IEG, LLC, 2010). Sports sponsorships stand for about 68% of all sponsorships and only in North America the total spending in sports sponsorships was 11,66US billion dollars in 2010 (Ibid). According to Eurosport (2008), sport sponsorship is seen to be at the heart of marketing and the trend is growing. PricewaterhouseCoopers reported that the global sports industry is set to grow to a massive \$124bn in 2011 (Raynaud & Bolos, 2008).

Sponsorship has been defined as:

*"An investment, in cash or in kind, in an activity, in return for access to the exploitable commercial potential associated with that activity"*

(Meenaghan, 1991 cited in Madrigal, 2001, p. 147).

Sponsorship is distinguished from traditional advertising and is instead seen as a further way of marketing communication or an extra communication vehicle. They differ in the way that in sponsorship *"both the message and the medium are inextricably linked"* (Meenaghan, 1996, p. 104). *"The sponsored event, cause, or sports team (i.e., property or sponsee) draws the audience while concurrently informing the audience of the event's core values"* (Madrigal, 2001, p. 145). Many

companies have change from traditional media to sponsorship as a reaction of changing habits in consumer's behaviour relative to traditional media and the cost involving traditional advertising (Meenaghan, 1996). Companies hope that the consumer's goodwill towards the sponsored event or sports team will reflect and rub off on their brand (Madrigan, 2001).

### **1.1.1 Sport sponsorship**

Sport is something that is constant in people's lives; it touches people's emotions and can therefore deliver a massive, highly engaged targeted audience for a brand. The first sport sponsorship was done in 1886, for the first modern Olympics that were held in Athens, when the brand Kodak became the official sponsor. Today sport sponsorship has become a highly considered strategic option and is placed at the centre of some of the most successful marketing strategies for global brands. Sport is used to sell and advertise anything from mobile phones to cars and beverages. Today many brands either are or strive to associate themselves with different sports event. According to Eurosport (2008) there are three basic drivers of this trend of why brands are eager to associate themselves with sports:

- The growing importance of sport in society
- The increasing number of sports competitions created and televised
- Accountability and the progress made in the field of research

Brands today, and especially marketers have understood that sport has more gravitas with people than ever before. Media appearances of sport personalities have boomed and it can be argued that sport stars have become today's role models, and are therefore increasingly used as ambassadors for a brand or product endorsement in marketing campaigns. The growing importance of sport has created a vast number of possibilities for brands to leverage thru sports, and effective use the media and the emotional power of sport in a combination of ways. Brands can not only choose between individual sports, team sports, Olympic sports, extreme sports or motorsports but can also choose to associate either with an specific athlete, a sport, a team, an event or a venue. Sporting events today have reached the status of mega events, and no concert movie release and video game is as big as example the NFL Superbowl, the Olympic Games or the FIFA soccer World Cup. Therefore brands are leveraging sport because it is big, growing and have measurable impacts of rational and

emotional benefits (Raynaud & Bolos, 2008). The time when sports marketing were handled by the event staff, whose role was to put up banners in front of the public and TV cameras are well over. Nowadays, companies have understood and realized that sport sponsorship and its possibilities is not an unnecessary expense but instead a multi-year multi-million investment. To be successful the decision-making process, implementation and activation must all be integrated to be able to meet the objectives. However, sport is not predictable and there is therefore always an element of risk involved.

### **1.1.2 Reasons to get involved in Sport Sponsorship**

Gardner & Schuman (1987) defines the sponsorship goals as: "*Sponsorship may be defined as investments in causes or events to support corporate objectives (for example, by enhancing corporate image) or marketing objectives (such as increasing brand awareness)*". Sponsorship associates, thru an activity, the organisation with a third part activity, intended to achieve mutual agreed objectives (Yeshin, 1999 cited in Dolphin, 2003, p. 177). Each organization has different audiences. Sponsorship could be designed to sell more products or increasing awareness to key audiences in both local and distant markets (Dolphin, 2003). Corporates that chooses to sponsor hopes that the consumers personal feeling towards the event, sports team etc. will be transferred to its own brands and services. The sponsors seek to tap its emotional connection that consumers have with the event (Madrigal, 2001). In the research Speed & Thompson (2000) executed, they state that the attitudes consumers holds towards the sponsor and the event, and by their perception of sponsor-fit between sponsor and event, will affect their response to the sponsorship. As an example, social and environmental sponsor primarily seek to demonstrate responsibility (Walliser, 2003). Art sponsors major motivation is hospitality (Drees, 1991 cited in Walliser, 2003, p. 11). Accordingly to Quester et al, (1998) cited in Walliser (2003, p. 11) manufactures seek media coverage and publicity opportunities, whereas service sponsors are more prone to improve employee's morale. Small businesses most important objective is to give back to the community (Mack, 1999 cited in Walliser, 2003, p. 11).

According to Kitchen (1993) cited in Dolphin (2003, p. 183), sponsorship, as a communication medium is not only cost effective, it also reaches many people

quickly and very easy. However, Heat (1994) cited in Dolphin (2003, p. 184), contributes to the discussion by adding that, the referred cost includes that corporates also invest and bring into play other tools of integrated marketing communications to ensure both the success of the sponsorship but also that the organization speaks with a single voice. Erdogan and Kitchen (1998) cited in Dolphin (2003, p. 178) also states that sponsorship enables companies to avoid clutter in a cost effective way. Levine & Thurston (1992) cited in Dolphin (2003, p. 178) propose that *“clutter and confusion are commonly cited as detracting from any sponsor’s ability to present a strong image”*.

Lately, scholars as Dolphin (2003) notice that there been a growing interest among marketers to use sponsorship as a marcom activity. Sponsorship has the ability to reach a specific audience and at the same time reach them with messages that are focused, which can help corporates to achieve and sustain competitive advantage (Dolphin, 2003).

*“Sponsorship has become a global tool in an age when global village has become reality”*

*Dolphin (2003, p. 184)*

## **1.2 Problem Discussion**

Advertising and sponsorship are complementary components in the integrated communication strategy (Cégarra 1994 cited in Walliser, 2003, p. 9). They share the same objectives such as increasing awareness and enhance brand image, but the difference is that they deliver the message in different ways (Walliser, 2003). Advertising messages are easier to control as they are more direct and precise. Sponsorship is better in the way that it easier can overcome communication barriers and has unlimited target selection possibilities (Erdogan & Kitchen 1998 cited in Walliser, 2003, p. 9). Campos Lopez et al, (1994) cited in Walliser (2003, p. 16) recommend differentiated sponsorship cause it gives the opportunity for organizations to differentiate themselves from their competitors. Ashill et al. (2001) argues that, the best way to legitimise it as a marketing tool is to demonstrate the commercial impact that sport sponsorship can have. Nicholls and Roslow (1999) cited in Dolphin (2003,

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p. 177) claims that sponsorship falls directly under the organizations strategic marketing activities.

Lately sponsorship has been more accepted and integrated in organizations marketing strategies (Dolphin, 2003). Amis et al, (1999) cited in Walliser, (2003, p. 16) executed a qualitative study among Canadian firms, which revealed that successful firms developed sponsorship firmly and completely, and also made it an essential part of their overall marketing strategy. Moreover, inversely, it showed that firms that had conducted their sponsorship on an ad hoc basis because of the lack of resources or non-interest of their managers only were temporarily successful. Piquet, (1998) cited in Walliser (2003, p. 17) also supports the argument that integration of sponsorship into the marketing mix is a central part of corporates marketing strategies. Farrelly et al, (1997) performed a study with the purpose to measure the level of integration relative to the importance factors such as “*fit with corporate plan*” and “*contribution to corporate image*”. They concluded that companies more often integrated sponsorship in their communication mix and in their overall marketing strategy if consideration to their corporate marketing plan had been taken early in the initial sponsorship planning progress. Functional control on different levels of management impacts the set objectives of sponsorship (Witcher et al, 1991 cited in Farrelly et al, 1997, p. 171). Their hypothesis was that the closer sponsorship is to the marketing function, the more realistic, detailed and clear the objectives become. Farrelly et al, (1997) argues that increased involvement and cross-functional communication between advertising departments and product managers indicates that sponsorship is more integrated in the communication mix. Farrelly et al, (1997) research show that large investments often are made with little knowledge of the communication process involved. Moreover, the author concludes that this was often combined with minimal synchronisation between the medium and other marketing tools. Kim, (2010) points out the importance to fully understand the range of marketing activities involved in a sponsorship. “*Sponsorship helps other marcom activities to communicate messages to diverse stakeholders*” (Dolphin, 2003, p. 176). Erdogan and Kitchen (1998) cited in Dolphin (2003, p. 181) claims that failure in sponsorship is often from the reason that organizations often not support the event with other promotional activities, such as advertising and PR. Tripodi, (2001) cited in Dolphin (2003, p. 181) supports this. He suggests it will create synergetic effects if organisations integrate sponsorship with

other components from their communication mix. Grimes and Meenaghan (1998) cited in Dolphin (2003, p. 181) echo this. Their findings were that sponsorship needs to be integrated to organizations marketing strategy and communication mix to get maximum effect, and therefore should not be treated as a single activity.

Companies are getting more cost-conscious as a result of the economic crisis. This leads to that they get more prudent and restrictive to invest in different marketing activities. The need to justify expenditures on sponsorship has increased, which has led to the need of more research about sport sponsorship in the areas of planning/setting up objectives, selection, and evaluation for sponsorship program (Olkkonen, 1999). Companies are always looking for ROI (return of investment) and therefore, measuring and evaluating the outcome from an investment is crucial. Different companies value different outcomes. Some want to increase sales when others want to create brand equity, and some want to change their brand image etc. A lot of previous research has been devoted to help corporates evaluating the outcome of the sponsorship where less research has been devoted to the decision-making process seen from the corporate sponsors point of view of how to select and choose which one or what to sponsor (Dolphin, 2003).

*“Despite the distinctiveness of sponsorship as a promotional activity, there is little in the academic marketing literature to guide a company's decisions about what events to sponsor, how to leverage their sponsorship resources, and what response to expect.”*

*Speed & Thompson (2000, p. 226)*

According to Dolphin (2003) the sport sponsorship topic is a relative new research area and even though sport sponsorship is an increasingly more popular tool of the marketing communication mix, researchers agree that the topic of sport sponsorship has not been examined thoroughly (Dolphin, 2003; Olkkonen, et al., 2000).

For these above reasons I find it interesting to investigate this topic further. The research specific purpose and the objectives that it hopes to meet are further explained in the next section.

### **1.3 Research Purpose and Research Question**

According to Saunders et al (2006) a big emphasis should be put into the research question. The authors further argue that the extent to which the researcher can draw its conclusions from the collected data is based on the research question. According to Clough & Nutbrown (2002) cited in Saunders et al (2006) it is important that the research question is not either 'to small', 'to big' or 'to hot'. Instead the research question need to be 'just right', meaning that the question is just right for investigation at 'this time', 'by this researcher' in 'this setting'.

Based on the above problem discussion the purpose of this study is to *contribute to the decision-making process* that corporates faces when choosing sport sponsorship, and *discuss the main selection criteria's for corporates to use in the selection process.*

After reviewing previous research areas and took into account the above statements, the general research question for this thesis can be stated as follows.

***“An analysis of the key criteria driving the selection process for Swedish firms investing in sports sponsorship”***

Moreover, the four objectives outlined below will serve in order to examine the research further and accomplish the purpose.

- 1) *To assess the decision making process in relation to the use of various sports in the sponsorship mix.*
- 2) *Analyse and discuss the key communication objectives set by Swedish companies in the use of sport sponsorship activities*
- 3) *To analyse and discuss methods used by Swedish companies to evaluate the effectiveness of the sport sponsorship.*
- 4) *To analyse and assess the perceived risks of sports sponsorship and the strategies used by companies to pre-empt risk.*

### **1.4 Limitations**

Due to the fact that sport sponsorship is vast area and the time limitations of this study, this research focuses on the subject of sport sponsorship from the sponsoring company's perspective. The study has further being narrowed to focus on the decision-making process regarding sport sponsorship as including all factors within

the area of sport sponsorship is beyond the scope of this study. Moreover, this study focuses on only examine two Swedish companies involved in sport sponsorship.

### **1.5 Thesis Outline**

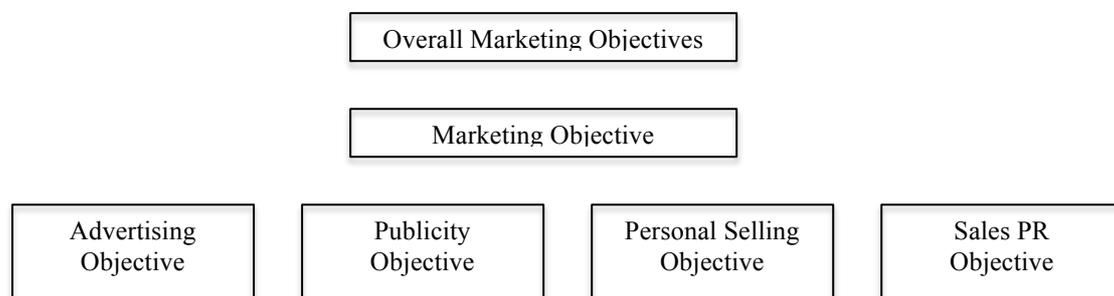
This master's thesis is divided into six interrelated chapters. Chapter one provides a background of the area of sport sponsorship in general as well as the problem discussion, narrowing down to purpose, research question and limitations. Chapter two presents previous literature and theories within the area of sport sponsorship in addition to gain a better understanding of the research area. Chapter three consists of a presentation of the research methodology used to reach the purpose of the study. The fourth chapter includes all the collected empirical data gathered to fulfil the purpose of the study. Chapter five present a discussion of the final findings and conclusions of the study. In the sixth and final chapter, implications for management, theory and further research are stated. Together these six chapters will answer the research question and thereby fulfil the research purpose.

## 2 Literature Review

*This chapter is an overview of previous studies related to the research area that will be presented. The theoretical overview consists of relevant literature in regard to my thesis and research question, such as objectives, selection process, effectiveness and evaluation process in sport sponsorship.*

### 2.1 Objectives with Sport Sponsorship

The first stage of sponsorship is according to many authors Meenaghan (1991); Olkkonen (1999); Shank, (1999) to decide the objectives with the sponsorship. Due to many different definitions and classifications of sponsorship, the concept of sponsorship offers several objectives, which can be utilized in different kinds of situations (Johansson & Utterström, 2007). Sponsorship objectives should be integrated with the corporates broader promotion mix and planning process and its objectives as shown in figure 1. The objectives should then function to achieve the corporates higher marketing goals, which in turn should originate from the corporates organisational objectives (Shank, 1999).



**Figure 1:** Hierarchy of Objectives for the Marketing Communication Mix  
Source: Meenaghan (1983, p. 15) cited in Johansson & Utterström (2007, p. 7)

According to Shank (1999), just as advertising objectives, sponsorship objectives can be divided into two categories, indirect objectives and direct objectives. Direct sponsorship objectives have a short-term focus where the goal is to impact the consumption behaviour and thereby increase sales, whereas indirect sponsorship objectives focuses on enhancing sales by creating awareness and desired image of the product before the consumers purchase the product.

Companies often have a widespread variety of audience with whom it wish to communicate, such as internal public, the key decision-makers and the company's

target markets (Meenaghan, 1991 cited in Johansson & Utterström, 2007, p. 8). According to Meenaghan (1991) cited in Johansson & Utterström (2007, p. 8) sponsorship also plays an important role in encouraging staff pride, rewarding effort, and also in communicating the values of the organisation to its staff. According to Busby and Digby (2002) cited in Johansson & Utterström (2007, p. 8) sponsorship objectives need to be deliverable and measurable but also integrated with both the corporate overall strategy as well as the marketing strategy. Moreover, objectives can also enable data capture and database building, developing customer loyalty, enhancing community relation, revitalizing brand/corporate image and niche targeting (Johansson & Utterström, 2007). One of the earliest study's of sport sponsorship made by Meenaghan (1983) divides sponsorship objectives in relation to target markets into corporate objectives and brand objectives, product related objectives, sales objectives, media coverage, guest hospitality and personal objectives. However, Meenaghan (1983) claims that several of the objectives can overlap and that objectives often interact in sponsorship campaigns, as for example, the corporate image affects the product image in the same way as the corporate image is affected by guest hospitality. However, according to Pope (1998) and also supported by Dolphin (2003), media objectives, corporate objectives, marketing objectives and personal objectives are the four broad categories of sponsorship objectives that generally are acknowledged and most accepted in the literature of sport marketing. Their theory is presented in table 1 on the next page.

<b>Corporate Objectives</b>	<b>Marketing Objectives</b>	<b>Media Objectives</b>	<b>Personal Objectives</b>
Public awareness	Business relations	Generate visibility	Management Interest
Corporate image	Reach target market	Generate publicity	
Public perception	Brand positioning	Enhance ad campaign	
Community involvement	Increase sales	Avoid clutter	
Financial relations	Sampling	Target specificity	
Client entertainment			
Government relations			
Employee relations			
Compete with other co.			

**Table 1:** Objectives for Corporations Involved in Sponsorship of Sport.  
Source: Adapted from Pope (1998, p. 2)

Moreover, companies can use sport sponsorship of several reasons. The most common reason of why companies choose to sponsor accordingly to IEG analysts are (IEG, 2008):

- Increase brand loyalty
- Create awareness & visibility
- Change/reinforce image
- Drive retail traffic
- Showcase community responsibility
- Drive sales
- Sample/display brand attributes
- Entertain clients
- Narrowcasting
- Recruit/retain employees
- Merchandising opportunities
- Incenting retailers, dealers and distributors
- Differentiate product from competitors
- Combat larger ad budgets of competitors

Shank (1999) states that the primary objectives of sport sponsorship are awareness, competition, reaching targets, relationship marketing, image building, and sales increase from the sponsor's perspective. However, a single sponsorship campaign can be aimed to achieve several objectives, and objectives can moreover refer to strengthen the company brand and building goodwill among decision makers and opinion formers (Ibid).

### **2.1.1 Awareness**

By exposing the brand to as many potential customers as possible brand awareness is achieved. The corporate sponsor must also ensure that their overall promotion mix elements are integrated in the sponsorship, which means that the sponsorship must work along the advertising and sales promotion to achieve the desired objectives. According to Shank (1999) recent studies have shown that sponsorship generates higher levels of awareness in desired target markets compared to traditional advertising.

### **2.1.2 Competition**

Many corporates use sponsorship to meet any competitive threat from rivals. This means that they invest in the sponsorship just because if they do not, another competitor will. However, ambush marketing by competitors often occurs which can damage the entire sponsorship. Ambush marketing means that competitors try to associate themselves indirectly with an event or a sports entity to gain benefits and recognition that are associated with the sponsorship (Shank, 1999). Ambush marketing is often used by brands that do not want to invest in expensive sport sponsorship deals. Moreover, ambush marketing often has a negative affect both to the sponsors but also in the sport itself. The value of the sponsorship gets diminished which leads to that it becomes harder to find sponsors.

### **2.1.3 Reaching target markets**

With sport sponsorship corporates have the opportunity to reach people with the same interest and therefore sport sponsorship becomes a natural form for segmentations of consumers. By using sport sponsorship corporates can reach people with similar activities, interest and opinions. Effectively used sponsorship reach target markets more efficiently than traditional advertising. (Shank, 1999)

#### **2.1.4 Relationship marketing**

Using sponsorship to improve relationship with clients is something that has become more usual. Be able to provide and bring clients to luxury boxes at stadiums and arenas is one piece of evidence that corporates today are willing to spend large amounts of money to build and maintain long relationship with clients. (Shank, 1999)

#### **2.1.5 Image building**

Image building can be seen as one of the most important reasons for sponsorship (Shank, 1999). By sponsoring, for example a sport entity, the corporate can associate itself and/or its brands with the positive images of the specific and unique personality of the sponsored sports entity. According to Shank (1999) the main principle with image building is that the image of the sports entity should be congruent with the actual or desired image of the sponsored organisation and/or their products. This is also supported by Amis & Slack (1999), which states "Sport sponsorship has been shown to be an effective tool with which to alter and enhance a company's image and reputation". The authors also conclude that image and reputation are resources, which may enable a company to secure a competitive advantage. However, the authors also contend that any advantage thus gained, to be sustainable, the sponsorship on which the advantage is based must be developed into an area of distinctive competence within the firm. According to DeVous (1994) cited in Abrahamsson et al (2003) there is of high importance as a sponsorship objective to create brand image locally, nationally and internationally. The author also states that sport sponsorship is a great way to provide effective associations for both the brand and product giving it values such as fitness and excellence.

#### **2.1.6 Sales increase**

To make the sales increase is of course the final objective for corporates using sponsorship. However, according to most authors the two most important objectives with sport sponsorship is awareness and brand image (Shank, 1999) and (Amis & Slack, 1999).

Another promotional objective for corporate sport sponsorship is public relations. There are several benefits with sport sponsorship in that perspective, such as developing consistent message points among all marketing factions, including public relations, advertising and promotions. Other benefits is opportunity as studies have

shown that there can be a number missed public relations opportunities when public relations is practiced totally independent of promotions, advertising and other marketing functions. (Abrahamsson et al, 2003)

### **2.1.7 Managerial implications**

The managerial process of sponsorship includes setting objectives, selecting, organising and executing the sponsorship, and, finally, controlling its outcome (Walliser, 2003). While one of the most important stages in the managerial part of sponsorship is setting objectives, Otker (1988) cited in Farrelly et al, (1997, p. 171) reports that many sponsorships appear to be entered without any clear, formal objectives in mind. Moreover, he determines that managers often did know very little about the sponsorship, and therefore the objectives set were often inappropriate and deficient. Even that sponsorship is a powerful marketing tool to form attitudes towards a company, Gilbert (1988) cited in Farrelly et al, (1997, p. 171) conclude that companies only pursue a limited range of objectives with it. Thwaites (1995) cited in Dolphin (2003, p. 177) proposes that, organizations that have clear and specific objectives with their sponsoring will have easier to benchmark and measure the effectiveness of their sponsorship initiatives. Tripodi (2001) cited in Dolphin (2003, p. 178) proposes that the lack of clearly defined objectives in sponsorship is the first sign of that the investment is missing clear communication between the partners. Furthermore, he suggests that both the sponsor and the activity being sponsored, if synergy exists, should benefit from the activity. Further, Farrelly et al, (1997) research revealed that limited planning and objectives came from that management often did not have a clear and rationale for the involvement in the sponsorship. According to Walliser, (2003) the sponsorship objectives, selection, organisation and control varies depending to which company that is involved in the sponsorship, sponsorship area and sponsored activity.

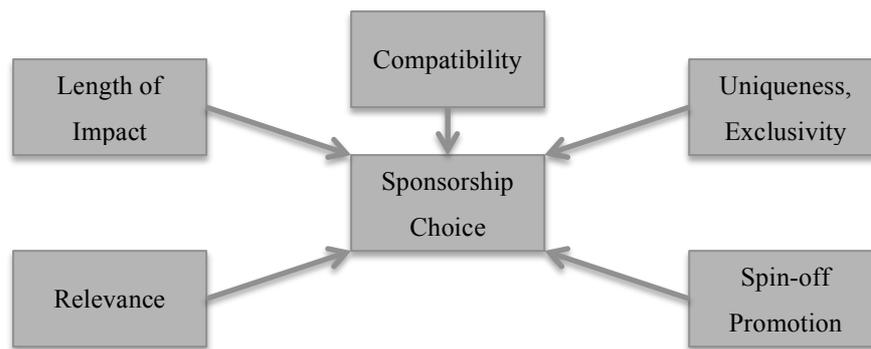
An investment in sponsorship by organizations typically involves some kind of benefit in return for the organization, such as supporting corporate or marketing objectives (Gardner & Schuman, 1987). *“One of the features of sponsorship is its ability to contribute to a wide range of objectives at both corporate and brand level”* (Thwaites, 1995 cited in Dolphin, 2003, p. 177). Active management when it comes to sponsorship can make a strategic contribution to an organisation by leveraging

competitive advantage (Dolphin, 2003) by helping the organization differentiating their brand and add financial value to the brand (Cornwell & Maignan, 2001).

## **2.2 Decision-Making Process**

When sponsorship objectives have been defined and financial resources been allocated, the next step is to decide the right sport entity to sponsor. Several scholars have defined different priorities that managers need to consider when deciding whom to sponsor. The following priorities has been observed by Hermanns et al, (1986); Püttmann (1991); Thwaites et al, (1998) and are quoted from Walliser, (2003, p. 11): *"perceived affinity between sponsor product and sponsored activity, affinity between targets of sponsor and sponsored, the popularity and image of the potential sponsored party and its willingness to cooperate (on long-term basis), geographical reach, contact frequency, contact quality, expected sponsorship costs/benefits, the type of rights received, possibility to integrate the sponsorship into the communication/marketing strategy"*.

Something organizations need to take in consideration in the selection process is the sponsorship-fit between the sponsor and sponsored event (Speed & Thompson, 2000). Only consider exposure alone when selecting and evaluating sponsorship is not enough, a key part for organizations is the importance to carry out market research to identify opportunities and demonstrate fit before selecting sponsorship (Speed & Thompson, 2000). This is supported by Kim (2010) which research revealed that the key role to be able to explain the association between sponsorship and financial performance, was that it appear to be a brand equity and image fit between the sponsoring company and the event. According to Cousens & Barnes, (2009), understanding the nature of linkages and fit between the sponsor and the sponsored event is vital as it can affect the transmission of information to target audience. According to Brassington-Pettit (2000) cited in Abrahamsson et al (2003, p. 10) there are several factors that need to be considered before a decision is to be made. These are summarized in the model presented on the next page.



**Figure 2:** Factors influencing sponsorship choice

Source: Adapted from Brassington-Pettit (2000), p 813 cited in Abrahamsson et al (2003, p. 10)

### *Relevance*

The first thing organizations need to determine when deciding whom to sponsor is that the core audience of the potential sponsorship matches the company's customer base (Madrigal, 2001). It is important to understand the organizations target audience attitudes, and the commitment of the audience towards the property (Ibid) to fully be able to maximize the value of the sponsorship (Cornwell & Maignan, 2001). Dolphin (2003) supports this by arguing that the task of targeting the audiences whom the sponsorship will impact on and prioritise them is imperative. By sponsoring events that their target markets care deeply about, corporates do not only connect with consumers, but also differentiate themselves from competitors (Madrigal, 2001). Grimes and Meenaghan (1998) cited in Dolphin, (2003, p. 181) suggest that the primary focus with sponsorship is to get attention from external customers, however it is an effective method to communicate with all audiences. Grimes and Meenaghan (1998) cited in Dolphin (2003, p. 181) states that decision makers could benefit from directing the focus of their sponsorship activity at their corporate staff. They also conclude that different audience may transfer different values to the sponsor based on their different perceptions of an activity, which leads to why it becomes a vital and important factor when selecting sponsorship.

### *The length of Impact*

The length of impact should be taken into consideration because it may affect the result. Unless the event is a high profile case, one-off event in generally does not have the same capability to build community relations or establish brand familiarity in the same extent as sports league or a series of events could have. However, if the objective for the sponsorship is to raise awareness on a short-term basis, for instance a

new product, a one-off event could be affective. (Brassington-Pettit, 2000) cited in (Abrahamsson et al 2003, p. 10)

### *Uniqueness*

In large international events or sports entities where costs are very high, being the sole sponsor is desirable but not easy to accomplish. However, corporates can provide uniqueness when sponsoring a major league without being the sole sponsor by improve the awareness of the company through television and other forms of media coverage such as print media and broadcasted media. (Ibid)

### *Spin-off promotion*

Different kinds of spin-off promotion are a factor that can raise the potential in the sponsorship. Spending more money on advertising and other forms of promotion along with the sponsorship would maximize the impact of the actual sponsorship. (Ibid)

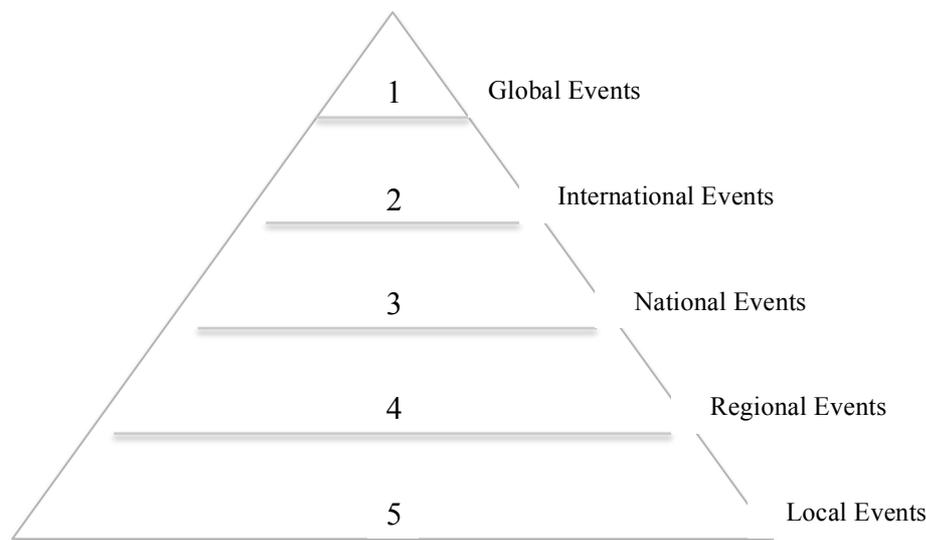
### *Compatibility*

Several research shows that the decision-making in organizations often depends on the familiarity and experience with sponsorship (Walliser, 2003). The criteria applied to select the right sponsorship are according to McCook et al, (1997) cited in Walliser, (2003, p. 11) company dependent. When deciding whom to sponsor, companies' needs to make sure it follows their strategies and goals, their company plan, values and beliefs. I not, it may cloud judgement over the real fit with the commercial objectives, and raise the cost of effectiveness of the sponsorship into question (Johansson & Utterström, 2007). Sponsorship decisions and selections should therefore be as calculated and unemotional as any other advertising decision (Brassington-Pettit, 2000) cited in (Abrahamsson et al 2003, p. 10).

## **2.2.1 The Sport Event pyramid**

The Sport Event Pyramid is used to determine the scope of the sponsorship. The idea of the pyramid is to give marketers an understanding of what level of sponsorship that is logical in regards of corporate sponsorship objectives and budget. The Sport Event Pyramid consists of five levels, which are global events, international events, national events, regional events and local events. *Global events* are in the top of the pyramid as it have the broadest coverage, are exposed comprehensively worldwide, and generate

a great deal of interest among consumers in events such as the Olympic games. Global Events is followed by *International Events*, which have a high level of interest in a broad geographic region. International events include for example European Soccer Cup, Americas cup, Pan-American Games and Wimbledon. When an event has extremely high interest for consumers in a single country or in two countries, such as the World Series and the Super Bowl in the United States, it is categorized as a *National Event*. When an event as an even narrower geographic focus is categorized as a *Regional Event*. At the lowest level in the Sport Event Pyramid is *Local Events*, which attract a smaller segment of consumers in an even more narrowed geographic level. (Shank, 1999)



**Figure 3:** The Sport Event Pyramid  
Source: Shank, M. (1999). *Sports Marketing – A Strategic Perspective*

### 2.2.2 The Athletic Platform

After determine the scope of the sponsorship through the Sport Event Pyramid, the next step is to choose the appropriate athletic platform. According to Shank (1999) the appropriate choice should be based on the sponsorship objectives, budget and geographic scope. Corporations and marketers could choose from a broad spectrum of different platforms, such as athletes, teams, sports, leagues, and events. (Ibid)

#### *Athletes*

According to Shank (1999) individual athletes often have a strong credibility with the target audience and therefore a tremendous ability to create immediate association with a product in the consumer's mind. Furthermore, Meenaghan (1991) states that using individual athletes may be the best option when the objective with the

sponsorship is to bring out name and brand awareness of the sponsor. This is further supported by Shank (1999) that states that using athletes as promoters for a brand are the most prevalent exceptional styles of sport sponsorship, due to the fact that they reflect credibility, and in some cases, even attractiveness. He continues by explaining that athletes also stand for knowledge, skill, expertise and trustworthiness of the marketing message. However, the risk with this form of sponsorship is the risks of bad performance in the form of result, an injury or bad behaviour, which can immediately reflect to the brand. However, Amis & Slack (1998) cited in Abrahamsson et al (2003, p.11) states that as long the individual athlete still appeal to the target market, it would have the same positive impact as the sponsorship of a team or a league.

#### *Teams*

Shank (1999) states that teams can serve as the athletic platform at any level of competition. This type of sponsorship is typically associated with professional teams, however the team can also be a department, which also relies heavily on sport sponsorship (Abrahamsson et al, 2003). The risks with sponsoring teams are according to Meenaghan (1991) similar to sponsoring individual athletes. If the team performance badly in competition the company would not receive very much publicity, as it probably will be eliminated from the competition at an early stage or not just receive very much media coverage (Ibid). Moreover, other risks such as adverse publicity, in example crowd violence and disturbance, can also reflect badly to the sponsor (Ibid). Meenaghan (1991) explains that local smaller companies often sponsor local teams in a regional league, where the sponsoring often involves clothes or sometimes a small amount of money. This kind of sponsoring is more common when a senior member of management, or member of their family also is a member of the team. According to the author this kind of sponsoring has been proved to impact staff relations and morale, especially when the firm's workers are actively involved (Ibid).

#### *Sports or leagues*

In addition of sponsoring teams corporates can choose to sponsor specific sports or leagues. By doing so companies get the advantages of using the leagues power and its recognisable logo. This option is a less expensive way of sport sponsorship. However,

by sponsoring a sport or league, company's exposure themselves for sponsorship clutter e.g. competition from other sponsors. Of that reason it is suggested that companies evaluate and examine the sport or league carefully before engaging in this form of sponsorship. To avoid scaring sponsors, leagues have lately been trying to organize themselves to be more attractive. (Shank, 1999)

### *Event*

Events and sports entity are the athletic platform that is most commonly associated with sports marketing. Events provide advantages such as increasing awareness and enhance the brand image of the sponsor. Furthermore, event often involves a forum where consumers have the opportunity to purchase the sponsor's products. However, sponsoring events holds the disadvantage of competing with other sponsors of the target audience attention. To avoid this problem corporates can become official sponsor of an event. (Shank, 1999)

## **2.3 Evaluation of Sport Sponsorship**

Accountability is key in today's corporate world. Investments need to be evaluated and justified, and return on investment demonstrated to the board. Measuring and evaluation of ROI in sponsoring have for a long time caught the attention of many scholars. Many scholars have discussed how to measure and get the best ROI of sponsorship investment (O'Keefe et al, 2009); (Olkkonen et al, 2000); (Kim, 2010); (Farrelly et al 1997) and (Speed & Thompson, 2000), but they have still not reached consensus (Cornwell & Maignan, 1998). As a result of earlier research, a lot of measuring and evaluating tools have been developed (Ibid) trying to help corporates to measure and evaluate the outcome of a sponsored event. Essentially the measurements techniques believed the most appropriate for evaluating the effectiveness of a sponsorship has been discussed (Ibid). Cornwell & Maignan (1998) summarize the techniques that are most often used: *Exposure-Based Methods*, which involves two main techniques that are included in this group, (1) monitoring the quantity and nature of media coverage obtained for sponsored event and (2) estimating direct and indirect audiences. The second one is *tracking measures*. McDonald (1991) cited in Dolphin (2003, p. 179) explains that tracking measures techniques is used to measure the awareness of and attitudes toward sponsors and their products, familiarity and preferences engendered by sponsorship, which is based

on consumer surveys. Hulks (1980) cited in Cornwell & Maignan, (1998, p. 14) claims that: *“those two measures provide a sound and affordable estimation of the exposure generated by a sponsorship both on site and through television or radio”*. The most common measure method used by businesses is exposure-methods (Ensor, 1987), which has been heavily criticized by many scholars (Cornwell & Maignan, 1998). For example, Pham (1991) cited in Cornwell & Maignan (1998, p. 14), claims that the objective of sponsorship is not media coverage, and therefore should not be used to measure sponsorship effectiveness. Pham (1991) continuous his argument with saying that exposure methods are unable to provide information about the commercial effects of sponsorship.

According to Meenaghan (1983) cited in Abrahamsson et al (2003, p.12) there are four major ways to measure the effectiveness of a sport sponsorship.

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

Sales can be measured directly through measuring the quantity of different orders, such as mail order and direct orders, econometric analysis and test marketing. However, the problem with this kind of measurements is to distinct which sales actually come as a result of the sponsorship and which do not. (Ibid)

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

Measuring the communication effectiveness could be done in five ways, which are measurement of awareness, measurement of recall, attitude surveys, physiological measurements and keeping track on any increasing interest for information about the company and/or its products. However, similar problems exist when measuring the effectiveness of communication as in sales, the difficulty to sort out if the increasing interest derives from the sponsorship or not. (Ibid)

#### *Measuring the media coverage resulting from the sponsorship*

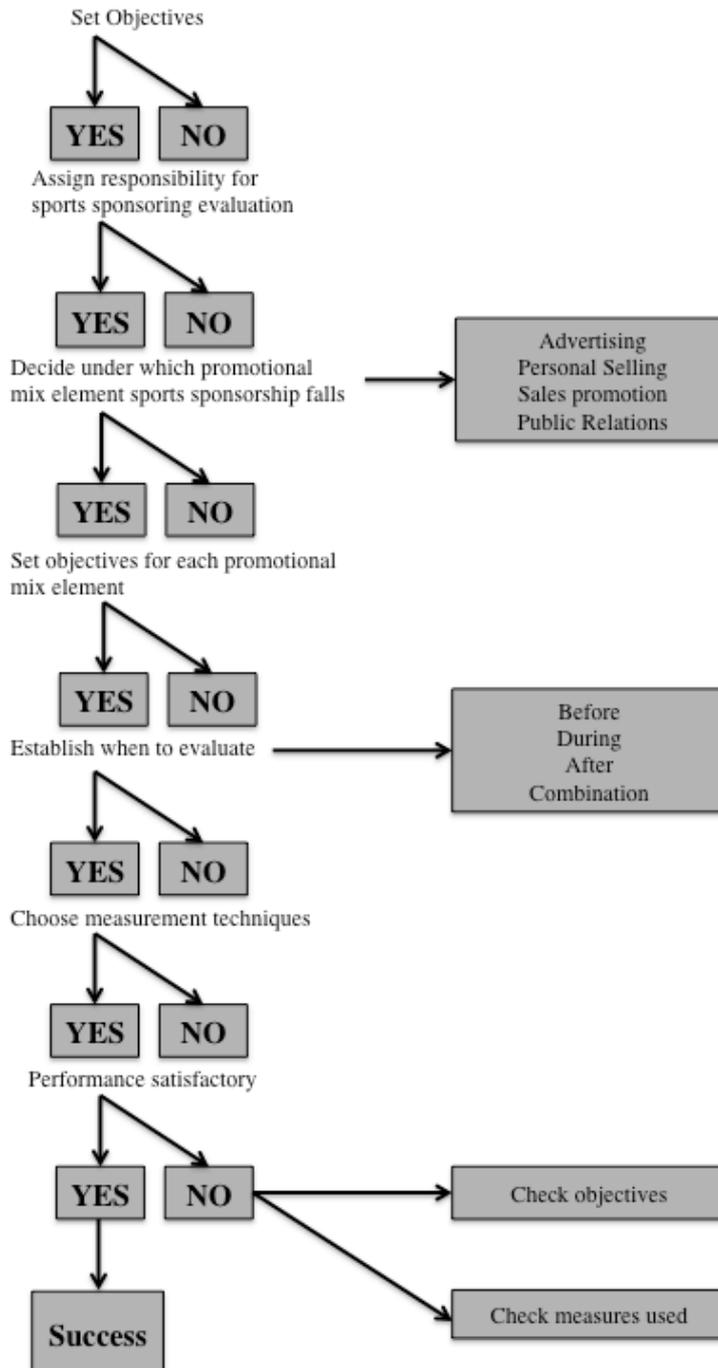
One way of measuring media coverage is to look at the extent of television and radio coverage, and also measure the amount of written media coverage text. This type of measurement is one of the more popular ones to use as it has the advantage of being easy to use practically. However, criticism against this measurement is that it only covers the achieved publicity, which basically would be the same as bought advertising space or time. (Ibid)

*Measuring the continuing appropriateness of the sponsorship over time*

Measuring the appropriateness of the sponsorship is done by monitoring and measuring the audience level for the sponsored object or event. This is done to make sure there are a fit between the sponsored and the target market. The audience level is often well recorded and the information is official. It is therefore something that does not require a lot of work. Moreover, companies can also investigate the market perception of the activity. Furthermore, measuring media coverage as an indicator of the appropriateness can also be done. According to Mescon & Tilson (2001) cited in Abrahamsson et al (2003, p.13), another way 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 objective. (Meenaghan, 1983) cited in (Abrahamsson et al, 2003, p.13)

Bennet (1999) cited in Abrahamsson et al (2003, p.13) argue that one form of evaluating a sponsorship is to use the three-step method where corporates looks at their position on the market in regards to awareness and image in the desired target audience. By detecting movements over time in those measurements and finally make an analysis after the sponsorship and compare the results and the initial objectives companies can identify the outcome of the sponsorship. (Bennet, 1999) cited in (Abrahamsson et al, 2003, p.13)

Moreover, Abratt & Grober (1989) cited in Abrahamsson et al (2003, p.13) came up with a model of the evaluation process of sponsorship. This theoretical model is directly based on the objectives of the sponsor and is divided into seven steps that goes from the initial objective setting to the evaluation of the sponsorship to see if it has been successful or not. The model is displayed on the next page.



**Figure 4:** A Framework for the evaluation of sport sponsorship  
 Source: Abratt & Grobler, 1989 cited in Abrahamsson et al, 2003, p.13

Overall, studies of sponsorship effectiveness have yielded inconsistent findings (Cornwell & Maignan, 1998). Cornwell et al, (2000) cited in Dolphin (2003, p. 179) determine, “Despite the rapid growth of sponsorship, little is known about its effectiveness”. He also concludes that overall investigations have been inconclusive. Further Cornwell & Maignan (1998) argues that, the lack of understanding of sponsorship effects could be, historical, companies involvement in sponsorship

activities often is motivated by the genuine interest of company leaders. “*Regardless of the tracking measure used, empirical investigations often showed that sponsorship engenders small or ambiguous effects*” (Cornwell & Maignan, 1998, p. 14). Several researchers have reached the conclusion that a systematic approach to sponsorship management and evaluation is in need (Hoek, 1997). It is imperative that managers are able to measure the impact of sponsorship (Ashill, 2001).

### 3 Methodology

*This chapter will present and discuss methodological issues in relation to my own research. This chapter will explain and compare different kinds of methods as well as my own chosen research design, limitations and sampling technique.*

#### 3.1 Introduction to Research Methodology

Research is a process of collecting, analysing and interpreting information to answer a question or questions. When undertaking a research study to find answers to a question it implies that the process;

1. Is being commenced within a framework of a set of philosophies i.e. approaches.
2. Is using procedures, methods and techniques that have been tested for their validity and reliability.
3. Is designed to be unbiased and objective.

*Philosophies* mean different kinds of approaches e.g. qualitative and quantitative. *Validity* means that the researcher has applied the correct procedures to find the answers to the chosen question. *Reliability* refers to the quality of a measurement procedure that provides repeatability and accuracy. *Unbiased and objective* means that the researcher carries out the research in a unbiased manner and do not draw any conclusion based on personal opinions etc. (Kumar, 2005)

By following these three criteria mention above it qualify the process to be called research. However, the degree of which these three criteria are fulfilled varies from discipline to discipline. Moreover, to qualify as a research the process must have certain characteristics. According to Kothari (1985), for a process to be called research it is imperative that the research must be *controlled, rigorous, systematic, valid and verifiable, empirical and critical.*

#### *Controlled*

Control research implies that, when comparing one factor in relation to two variables you need to set up your study in a way that minimize the effects of others factors affecting the relationship. In physical science most of the research is done in a laboratory, which makes it more controllable. However, when conducting social

science research this become extremely more difficult as research is carried out on issues related to human beings living in a society. To minimize the effect of external factors, which you cannot control, you attempt to quantify their impact. (Kothari 1985)

#### *Rigorous*

In the same way as control, the degree of rigorous varies significantly between the physical and social sciences. However, it is here important to ensure that the procedure chosen to find answers to the questions is relevant, appropriate and justified. (Ibid)

#### *Systematic*

Systematic means that the procedure chosen to undertake an investigation follows a certain logical order. The procedure must follow others and the steps chosen cannot be done in an ad hoc way. (Ibid)

#### *Valid and verifiable*

This means that whatever your conclusion is, your findings need to be correct and possible for others to verify. (Ibid)

#### *Empirical*

Empirical means that any conclusion that is drawn must be based upon hard evidence, which is gathered from information collected either from real life experience or observations. (Ibid)

#### *Critical*

Means that the procedures used and methods employed must be able to withstand critical inspections. The process of investigations must be fool proof and free from weaknesses. (Ibid)

### 3.2 Research Onion

To easier understand the order and nature of research strategies, the author of this study has to an extent followed Saunders et al (2006) model “the research onion”. However, the author has chosen to only use certain parts of the model. The model is presented below.

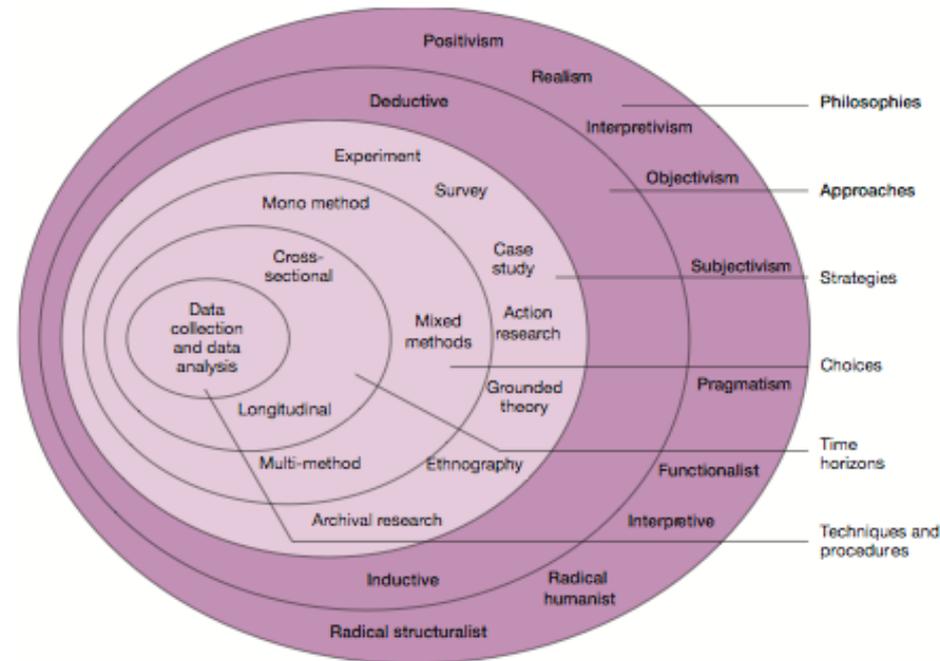


Figure 5: The research onion  
Source: Saunders et al (2006)

### 3.3 Research Purpose

According to Saunders et al (2006), there are three purposes to use when carrying out scholarly research. These are referred to as exploratory, descriptive and explanatory.

#### *Exploratory*

An exploratory study is good to use when the researchers are seeking new insights and to assess phenomena in a new light. Exploratory studies are especially useful if the researchers wish to clarify the understanding of a problem. However, it may be that when spending time on exploratory research it ends up showing that the research is not worth pursuing further. There are according to Saunders et al (2006) three principal ways of conducting exploratory research:

- Search of literature
- Interviewing ‘experts’ in the subject
- Conducting focus group interview

One of the advantages with exploratory studies is that it is flexible and adaptable to change. When conducting exploratory studies the researcher must be willing to change the direction of the research as new data and information appear. Adams & Schvaneveldt (1991) cited in Saunders et al (2006, p.134) agrees but also reinforces this point by arguing that *“the flexibility and inherent in exploratory research does not mean absence of direction to the enquiry”*. This means that the focus is initially broad but becomes narrower as the research progresses. (Saunders et al, 2006)

### *Descriptive*

The object with descriptive research is to portray accurate profiles of person, events or situations. When doing this is necessary to have a clear picture of the phenomena on which the researcher wants to collect information to the data collection. Descriptive research becomes appropriate when the purpose of the research is not to find a cause to the problem, but rather to describe the situation. (Saunders et al, 2006) According to Eriksson & Wiedersheim-Paul (1997) cited in Abrahamsson et al (2003, p. 27) this purpose is suitable when a structured research problem has been stated. Moreover, Bernard in Miles & Huberman (1994) cited in Abrahamsson et al (2003, p.27) further explains that descriptive means *“making complicated things understandable by reducing them to their component parts”*. Furthermore, descriptive research can be directly linked or be seen as an extension to exploratory research as researchers might have begun with wanting to gain insights to a problem, and after having it stated their research becomes descriptive (Saunders et al, 2006).

### *Explanatory*

Explanatory research aims to find a cause/effect between given variables. Explanatory research emphasis on studying a situation or a problem in order to explain, find and describe relations and correlations between different variables. (Saunders et al, 2006) Bernard in Miles & Huberman (1994) cited in Abrahamsson et al (2003, p.27) defines explanatory research as *“Making complicated things understandable by showing how their component parts fit together according to some rules”*.

In this study exploratory research is utilized, as its goal is to clarify the understanding of a problem. The thesis is carried out to gain a deeper understanding of the relation between Swedish corporates objectives and choice of criteria in regard to the decision-making process of sport sponsorship. It is exploring the sponsorship relation,

objectives, internally and externally communication, sponsorship evaluation and decision-making process to be able to analyse the key criteria driving the selection process for Swedish firms investing in sport sponsorship.

### **3.4 Research Approach**

Depending on what kind of research that is carried out, the researcher is either using qualitative or quantitative methods or sometimes both.

#### **3.4.1 Qualitative Research**

Qualitative research is based on transforming what have been observed, reported or registered into written words (Denscombe, 1998) cited in (Johansson & Utterström, 2007). The method is seen to be flexible, thus giving the researcher the possibility to correct possible weaknesses and incorrect formulations, and also add lacking questions (Saunders et al, 2006). Moreover, other advantages with qualitative research according to Key (1997) are:

- Gives an in-depth examination of a certain phenomena
- Uses subjective information
- Not limited to rigidly definable variables
- Examine complex questions that can be impossible with quantitative methods
- Deals with value-laden questions
- Explore new areas of research
- Build new theories

However, weaknesses and limitations with this method is that problems can occur when trying to compare information from different objects of study (Saunders et al, 2006). Moreover, other weaknesses and limitations according to Key (1997) are:

- Subjectivity may lead to procedural problems
- Replicability can be difficult
- Researchers bias is built in and unavoidable
- In-depth, comprehensive approach to data gathering limits the scope
- Labour intensive

Case study or surveys with few research objects is the most common form of qualitative research. By using a qualitative method when collecting data the purpose

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is to give a deeper understanding of the problem rather than generalize the problem. (Saunders et al, 2006)

### **3.4.2 Quantitative Research**

A quantitative research method deals with the problem in a wider perspective rather than giving a deeper understanding of the problem. This is usually done through large questionnaires with closed-end questions. This means questions, which call for responses that are strictly limited. The material is then often presented and expressed in figures. The primary purpose of this method is to be able to generalize the information. (Saunders et al, 2006) Advantages with quantitative research are that it allows the researcher to measure and analyse data. The researcher can study the relationship between an independent and dependent variable in detail. This will give the researcher a more objective view over the findings of the research. Quantitative research is often used to test hypotheses in experiments because its ability to measure data using statistics. However, the main disadvantages with quantitative research are the context of the study or experiment is ignored. A researcher using a quantitative method does not study things in a natural setting nor do they discuss the meaning things have for different people as qualitative research does. Furthermore, using quantitative research demands a large number of participants as the results become more accurate the larger the samples are. (Jones, 2011)

### **3.5 Research Strategy**

The purpose of this thesis is to get a better understanding of the use of key criteria in the decision-making process of selecting the right sport sponsorship. After reviewing a variety of methodological techniques, a case study method has been considered to be the most appropriate technique to be answering the research question. At first a more quantitative approach in the form of a questionnaire was consider but were rejected on the premise that quantitative research can not provide the same depth and insight as a qualitative research will do (Saunders et al, 2006). According to Saunders et al (2006) case studies is the most suitable research strategy if the objective with the study is to achieve a detailed understanding about different kinds of processes in a few objects. According to Yin (2003) a case study gives the researcher the opportunity to conduct direct observations and systematic interviewing. The same author defines a case study as *"the essence of a case study, the central tendency*

*among all types of case study, is that it tries to illuminate a decision or set of decisions: why they were taken, how they were implemented, and with what result”.*

The author further explains that case studies are most appropriate to use when *”a ‘how’ or ‘why’ question is being asked about a contemporary set of events over which the investigator has little or no control”.* (Ibid)

### 3.6 Data Collection

The collection of information could either be based on secondary data or primary data. Secondary data is information that has already been gathered when primary data is information that the researcher himself needs to gather by example fieldwork (Saunders et al, 2006). According to Yin (2003) there are six sources, which all contains strengths and weaknesses, where the researchers can collect data. These types are presented in the table below.

Source of evidence	Strengths	Weaknesses
Documentation	<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>
Archival records	<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>
Interviews	<ul style="list-style-type: none"> <li>- Targeted-focuses directly on case study topic.</li> <li>- Insightful-provides perceived casual 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 give what interviewer wants to hear.</li> </ul>
Direct observations	<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>
Participants observations	<ul style="list-style-type: none"> <li>- Same as above for direct observations.</li> <li>- Insightful into interpersonal behaviour and motives.</li> </ul>	<ul style="list-style-type: none"> <li>- Same as above for direct observations.</li> <li>- Bias due to investigators manipulation of events.</li> </ul>
Physical artefacts	<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>

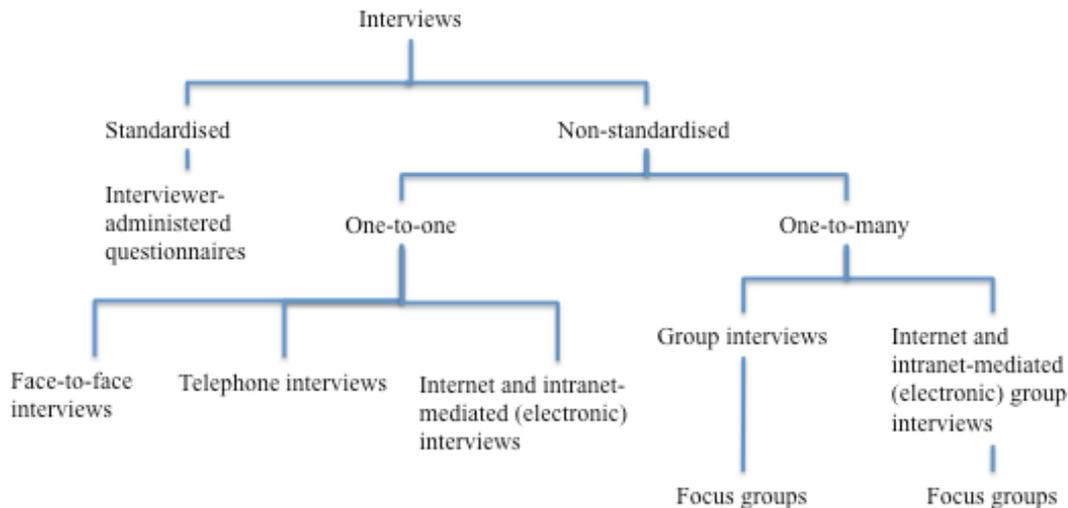
**Table 2:** Six sources of evidence  
Source: Yin, 2003, p. 86

The data gathered in order to answer the research question of this study is collected both from primary and secondary research. The sources of evidence used in this study to gather primary data are interviews and documentation.

### **3.6.1 Primary research**

Primary data is collected directly by the researcher for a specific purpose. According to Saunders et al (2006) there are two main techniques for gathering primary data, which are inquiries and interviews. By using inquiries the researcher can reach a wide geographically area simultaneously as the interviewer does not need to be presence. However, the absence of an interviewer makes the interview less controllable as the respondent does not have the opportunity to ask questions and thereby may not understand the questions fully. Of that reason the questions need to be standardized and structured so the respondent does not interpret them wrongly. (Ibid) Interviews are one of the most important sources of case study information. Interviews in comparison to inquiries can be seemed to be guided conversations rather that structured queries, which mean that the stream of questions in a case study interview is more likely to be fluid rather then rigid. The most commonly is that case study interviews have an open-ended nature, where the respondents are asked about facts of a specific matter as well as their opinion. (Yin, 2003)

To fully be able to answer the research question of this study and its objectives the chosen method to gather primary data is in-depth interviews. Boyce & Neale (2006) defines in-depth interviews as following: *"In-depth interviewing is a qualitative research technique that involves interviews with a small number of respondents to explore their perspective on a particular idea, program or situation"*. According to Saunders et al (2006) there are two types of forms of interview, which are standardised and non-standardised. The two types are displayed in the figure on the next page.



**Figure 6:** Forms of interview  
Source: Saunders et al, 2006, p. 313

This study has followed a non-standardised form with face-to-face in-depth interviews. Boyce & Neale (2006) explains that in-depth interviews offers a more complete picture of the problem and are especially useful when the researcher want detailed information of a persons thoughts and behaviour or want to explore a problem in depth (Ibid). According to Saunders et al (2006), when having an exploratory purpose with the research, in-depth interviews can be very helpful to be able to find out what is happening and to seek new insights. However, using in-depth interviews have a few limitations. First of all in-depth interviews can be time intensive because of the time it takes to conduct interview, transcribe them and analyse the result (Boyce & Neale, 2006). Secondly, in-depth interviews cannot be generalised as small samples are chosen and random sampling methods are not used (Ibid).

After consider the reasons above the author of this work believes that by using in-depth face-to-face interviews it will provide this study a more in-depth view of the research problem. It will also open up for a discussion with the respondent, which can lead to a better understanding of the research problem.

### 3.6.2 Secondary research

Secondary data is recommended as it provides a useful source from which to answer, or partially to answer the research questions. Secondary data includes both raw data and published summaries. Examples of advantages with secondary data are saving in resources, time and money. Moreover, its comparative and often easy accessible.

Disadvantages can be finding the right secondary data, control of data quality and presentation of secondary data. (Saunders et al, 2006)

The author of this work has conducted an extensive review of literature relevant to the research question. The author of this work has collected secondary data from a variety of academic disciplines such as academic journals, periodicals and books to ensure a sound basis for this research.

### **3.7 Research Limitations**

When conducting this study, the author of this study have come across several limitations, which have complicated the research in terms of that some data may have been overlooked and not reviewed enough.

#### *Time frame*

Due to the set time limit of the study, several compromises had to be done. First, the number of respondents had to be reduced, as the interview process is very time intensive. Secondly, due to the reason of a set time limit, research of secondary data needed to be reduced and therefore it could had been even more extensive and thoroughly done.

#### *Old literature*

The authors' difficulties of finding updated secondary data could lead to that the secondary information is seen to be out of date. However, many scholars argue that more update research about the decision-making process needs to be done (Speed & Thompson, 2000).

#### *Interview access & protection of data*

Either it was the unwillingness or just lack of time, but several prospective respondents were reluctant to participate for an interview. Moreover, some of the respondents were reluctant to give specific answer due to the reason that the information was classified data or sensitive information.

#### *Swedish literature*

Due to reason that the research question is related to Swedish corporates, information regarding the Swedish sport sponsorship market needed to be reviewed. However, Swedish literature related to the subject was either absent or difficult to get access to,

which complicated the research. Of that reason the main gathered secondary is of foreign quality.

### **3.8 Sampling Technique**

Sampling techniques provides the researcher with a range of methods to reduce the amount of data that the researcher need to collect by considering only data from subgroups rather than all possible cases or elements (Saunders et al, 2006). Henry (1990) cited in Saunders et al (2006) argue that sampling even can give a possible higher accuracy than census. The author further explains his statement by saying that a smaller number of cases for which the researcher need to collect data means that more time can be dedicated to designing and piloting the means of collecting these data. Moreover, the information that is being collected can be more detailed and if employing people to collect the data they can be of higher quality. Furthermore, the researcher can devote more time trying to obtain the data and more time can be spent on checking and testing the data accuracy prior to analysis. (Saunders et al, 2006)

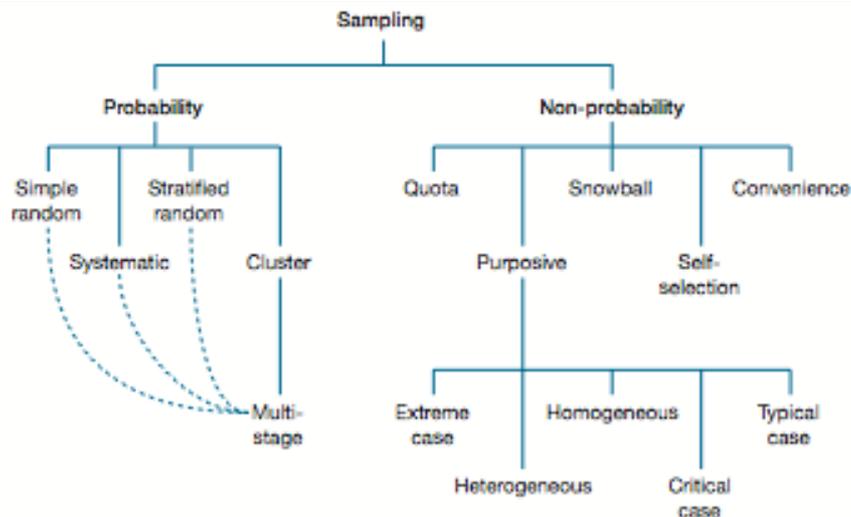
According to Saunders et al (2006) the sampling techniques can be divided into two types:

#### *Probability or representative sampling*

Probability samples means that the chance that each case being selected from the population is known and usually equal in all cases. This means that the researcher can answer his/her research question and objectives by estimate statistically the characteristics of the population from the sample. Probability sampling is often used in survey and experimental research strategies. (Ibid)

#### *Non-probability or judgemental sampling*

Non-probability is the opposite of probability samples, which means that each case being selected from the total population is unknown, which make it impossible to answer research question and objectives by making statistical conclusions about the characteristics of the population. However, it does not mean that the researcher may not be able to generalise from the samples, but not from statistical grounds. (Ibid)



**Figure 7:** Sampling techniques  
Source: Saunders et al (2006, p.207)

In order to select a sample for this study the author of this work have used a non-probability sampling technique, which are judgmental. Judgemental sampling basically means that the researcher select cases best suited to answer the research question and allows the researcher to meet his/her objectives (Saunders et al, 2006). According to Saunders et al (2006), when the research is having an exploratory research purpose, and a research strategy as case study, it is shown that the non-probability sample technique will be the most practical. Furthermore, the author explains that this technique is often used when working with small samples such as in case studies and the researcher want to select cases that are particularly informative (Ibid).

The sample selection for this study is chosen from Swedish companies that is involved or has been involved in sport sponsorship at elite level. Due to the time limit of this study the companies were chosen from their accessibility in the form of the author's own personal network. The result became that two companies with three interview objects was chosen. The first one is Carnegie, a Swedish investment bank and financial service group with activities in securities brokerage, investment banking and private banking. The respondents within Carnegie were chosen from their experience and involvement in Carnegie's sport sponsorship. It resulted in that Jan Sandberg, former employed and "founder" of Carnegie's sport sponsorship, and Jerker Löfgren "Head of Legal Department" and one of the responsible for Carnegie's sport sponsorship was selected. The other company was Audi, a car brand, were

Niklas Henning “Event & Sponsor Manager at Volkswagen Group” and also former elite downhill skier were selected. All respondents will contribute to this study because they have an extensive experience and knowledge about their company’s investments in sport sponsorship. Moreover, all respondents have been involved in either an elite sport committee or actively themselves being an active elite sportsman.

## **4 Empirical Data**

*This chapter will present the empirical data for my thesis that was collected through interviews. The chapter is divided into Case 1 and Case 2. First part contains background information of the companies. The following part presents the data collected for each research objective separately for the purpose of answering the main research question.*

### **4.1 Case 1 Audi**

Audi AG is a car manufacturer established 1909 in Germany by August Horch, and is today owned by the Volkswagen Group in Germany. Audi Sweden is a subsidiary to the Swedish Volkswagen Group, which is a wholly owned by the Volkswagen Group in Germany. Audi Sweden employs today around 25 employees whereas the whole Volkswagen Group employees about 50 000.

Today Audi Sweden allocates about 15 % of their total marketing budget into sponsoring and event activities, whereas 90 % of that is spent on sponsoring or event regarding sports. Today Audi Sweden is currently involved in several sport sponsoring programs and event, however two major sponsoring projects is the Swedish alpine Skiing team and the Swedish touring car championship, STCC.

Since this case study is fully based on Audi Sweden the following data presented will only be focus on that, and moreover Sweden Audi will be referred to as Audi from now in this thesis.

To provide the information Niklas Henning, sponsoring and event manager has been interviewed.

#### **4.1.1 Decision-making process**

The owner structure and the overall strategy and market strategy set from the headquarter Audi AG does that the larger sponsoring campaigns are usually based on directions from Audi AG headquarters in Germany since they want to communicate a similar message in several countries. Audi AG have set the objectives that the sports being sponsored should be related to the brand values and what it stands for. For example, the decision of sponsoring alpine skiing is of the reason that it can be related to Audi Quattro, which is their four-wheel drive. Moreover, whereas the reason of

sponsoring motorsports is obvious, their guideline to sponsor sailing is associated with their use of light material, such as aluminium.

When deciding on a larger sponsoring campaign, Audi looks for a suitable sponsoring object and contacts them, whereas in smaller projects the one whom wishes to be sponsored often takes the initiative. The process of selecting the right sport to sponsor starts by evaluating what kind of car models Audi wish to promote and what target audience they intend to communicate to. The target audience market needs, desires and interest are then being mapped. Further, the image that they wish to communicate to the target audience is established. Furthermore, the sports that match their profile best are considered. The final decision is then a long-term strategic decision that is made by the management together with marketing department.

Summarized, Audi has two main criteria when choosing sport to sponsor. First, the importance of the sponsored sport to match the image that the company wants to communicate and be associated with is considered. Second, the sport has to attract the attention of the desired target group.

However, another factor that is considered before taking decision is the current or previous sponsors of the intended sponsoring object. Audi never enter into a sponsorship if a main competitor is or has been sponsoring the sport or team earlier. Henning explains this by saying that Audi thinks it will take a too long time before the public will associate the sport or team to Audi instead of the earlier competitor.

#### **4.1.2 Objectives with sport sponsorship**

The decision to sponsor sports was not a decision made by Audi but rather directives from Audis headquarter in Germany. The main goal with sponsoring sports is, as many other companies, to increase sales in the long run. However, they also have set more specific objectives, which are described below.

- *Gain exposure in all kinds off media*, such as television and lifestyle magazines to a reasonable cost. The media depends on which car model that they want to promote and which target audience they want to communicate to.
- *Gain association*, people in Audis target audience should associate the sport characteristics with Audis cars. For example, the alpine skiing with the importance with good grip under tough weather conditions.

- 
- *Provide other opportunities*, Meaning that all sport sponsored should provide Audi with the opportunity to other promotional activities around the main event.
  - *Associate with target audience*, meaning that the sport being sponsored should be a sport that Audis target audience either practice or like.
  - *Create new business and relations*, meaning that the sponsoring should provide Audi opportunity of building business relationship with retailers and their sellers. This is done by VIP events etc.

Henning also discuss the importance of the image of the sports, however he does not mention it as one of their main objectives to enhance or change the image of the company through their sponsoring. However, he stresses the importance of a match and fit between the sport and the image the company want to communicate. Moreover, Henning also stresses that goodwill is an important part of sponsoring. He explains that goodwill is a part of the association objective and can be the result of sponsoring objectives.

#### **4.1.3 Evaluation of sport sponsorship effectiveness**

To measure the effects of their sponsoring activities Audi employs a specialized agency to continuously evaluate the effectiveness. The results of the measurements is later analysed and compared to the stated objectives for the sponsoring campaign. Mr Henning emphasizes the importance of having a consistency in the measurement methods of the effectiveness. He further explain that the data needs to be comparable with previous years data in order to successfully see correlations between the different years results. However, the results are almost based on exposure and sometimes in tracking processes. Audi considers the amount of TV exposure that a specific sponsorship activity receives, and for how long their brand has been showed in a certain broadcast. By doing so they can compare it to the cost of buying regular TV commercial time.

Furthermore, Audi measures attitudes, feeling and thoughts about Audi among their audiences. These are investigated through interviews, focus groups and surveys. Moreover, the return of invested capital on sponsorship is measured.

Audi have used the same measurement techniques and methods since 1988 and is currently satisfied with the result. However, Mr Henning explains that certain

improvements needs to be made but the importance of consistent data makes it difficult. Audi stresses the importance of measuring the effectiveness of any sponsorship project in order to examine the return of investment. However, Mr Henning explains that it is rather difficult to measure direct effects of certain sponsorship campaign since it is usually a complex buy to purchase a car, and of that reason the effects of a certain sponsorship investment might not result in increased sales right away. He also concludes that measure the changes of image and how its target audience perceives the company are difficult to examine correctly.

#### **4.1.4 Risk assessment**

Audi always carefully evaluate and consider the risks before entering any sponsoring projects. According to Henning the main risk when sponsoring sport is the possibility of being associated with an athlete being caught with illegal drugs. This is one of the reasons why Audi have chosen to focus on teams and sport federations rather than individuals. However, when sponsoring teams or sports, such as football, that could be associated with hooliganism and other less good activities, Audi makes sure that the brand never is exposed directly on the clothes but instead on the arena or advertising signs. For example, Audi is partner with the football team Bayern München but does not put their logo on the clothes but instead have the logo placed on several spots around the arena and let the football players drive there cars. Another risk that is considered before decision is made is the possibility of that the sponsee starts perform poorly and therefore also fails to attract the intended media. To be able to handle these kinds of risks Audi always include things as illegal drug clause in the contracts.

Moreover, Audi rarely invest money directly, instead they invest by providing athletes and sport federations with products such as cars for the exchange of brand exposure. This can be a risk as one athlete can occur in an accident will driving one of Audis cars. However, this is nothing that Audi can prevent and therefore they do not have a strategy to pre-empt the risks.

## 4.2 Case 2 Carnegie

Carnegie Investment Bank AB is an independent Swedish financial services group with activities in securities brokerage, investment banking and private banking. Carnegie was founded in 1803 by David Carnegie Senior and their headquarter is located in Stockholm, with local offices located across the Nordic region, as well as in London, New York, Luxemburg and Geneva. Carnegie's revenues amounted to a total of SEK 2,7 billion in 2008 and the assets of SEK 14,8 billion. Today Carnegie employs approximately 900 employees deployed in 8 countries. In the wake of the economic crisis of 2008 Carnegie was nationalised on November 10, 2008, and in may 2009 the bank was acquired in a joint venture by the private equity company Altor Equity Partners and the investment bank Bure Equity. The ambition for Carnegie after the downturn is to re-establish Carnegie as the leading independent investment bank in the Nordic region.

The reasons of investing in sport sponsorship came as a result of Carnegie's new focus and business area in private funds and private banking. Because of the reason that Carnegie was well known in the financial world, but not otherwise, Carnegie needed to communicate their new business area to wealthy Swedes that was unfamiliar with these services. They wanted to make their new products and categories of services more visible to ordinary people. Earlier, Carnegie invested in individuals who carried out a more exclusive sport like golf or horseback riding. These investments were made solely as a means to create and maintain business relationships. The reason for investing in sports more loved and accepted by the general Swede and to make services more visible meant that investment in alpine skiing and summer athletes was made.

For the moment and as a result of the economic recession Carnegie is not involved in any sport sponsorship program. However, they have been involved in different sport sponsorship from the end of the last century until June 2011.

To provide the information Jan Sandberg, former broker and manager for the sponsorship program at Carnegie and Jerker Löfgren, Head of Legal department and one of the initiative takers for the sponsorship program has been interviewed.

### **4.2.1 Decision-making process**

As earlier described the reason of investing in sport sponsorship came as a result of Carnegie's new focus and business area in private funds. Management then appointed Jan Sandberg, who then worked as a broker to be responsible for the sponsorship program along with Jerker Löfgren because they were both very involved in various sports and athletic committees and had many years of experience in this field. They also had many personal relations with athletics and sport individuals. Because of their great experience and personally relationships in this area Mr Sandberg and Mr Löfgren gain full responsibility to find sport sponsorship opportunities and had no restrictions from management. They were responsible to form the program, take initial contact, negotiate and close the deal without any management interference.

When Carnegie chose what type of sports sponsorship they would invest in they had several criteria that the sponsorship had to meet. First and foremost they wanted to sponsor a sport that was more accepted and loved by the general Swede. Secondly, they wanted to sponsor a sport that their target audience could associate with, either because they just liked it or because they themselves were actively involved. Carnegie's general customer is wealthy and like sports such as sailing, skiing, hunting, tennis and athletes. Third, they wanted a sport or multiple sports, which covered the entire year for the reason that they wanted to be able to expose their brand throughout the year. Moreover, they also did the conscious choice to only sponsor sports with individual athletes. The reason of that is that they did not wanted to disappear in the crowd of sponsors but also they thought it gave them the opportunity to use the athletes in a greater extent in different kinds of event. Furthermore, it was a decision based on the risk as they thought individuals was easier to control than teams, and that individuals could behave in the manner Carnegie wanted to be associated with. This resulted in that Kajsa Bergqvist, who was an upcoming Swedish star in the high jump, was contracted, and later a contract with the Swedish Alpine Skiing team was completed.

According to the respondents the choice of sponsorship was also based on personal relations as both the respondents, which was responsible for the investments, had personal connections inside these sports. Jan Sandberg had connections with individual athletes and Jerker Löfgren was a member of the Swedish Ski Federation

and National sports Association and had negotiated sponsorship for them earlier. Them both have also been actively involved in these sports.

#### **4.2.2 Objectives with sport sponsorship**

The main goal with the sport sponsorship investments was according to the respondents to make their new services and business areas more visible to their general audience (in this case the general Swedish population), which later should lead to increase sale. Furthermore, additional goal was to expose brand image to the common people, as Carnegie only was well known in the financial world. However, Carnegie also had several non-stated goal with is sponsoring. These are stated below.

- *Maintain and create new business relations*, by offering exclusive VIP events.
- *Associate with target audience*, meaning that the sport being sponsored should be a sport that Audis target audience either practice or like.

Respondents also emphasize the importance of that the individual who were sponsored could behave and had a manner that Carnegie's target audience could associate with. Both respondents stressed the importance of a fit between the company's preferred image and the athlete's image. They argue that it was one of the most important objectives when choosing athlete, as it was of great importance that their target audience could associate and identify themselves with the athlete.

#### **4.2.3 Evaluation of sport sponsorship effectiveness**

The reason that Carnegie only has measured brand exposure is that is also was the only stated objective with their sponsorship investment. The measuring is done by specialised agencies that report exposure time in media such as TV. They measure both how many times their brand have been exposed but also how long it been exposed in minutes and hours.

Both Mr Sandberg and Mr Löfgren stress the importance of measuring the effectiveness of their sponsorship investment. However, they both claim that its rather hard for them to measure the direct effects of the sponsorship projects as the main goal is to get more customers. They have tried to measure customer satisfaction but they explain it was hard to see a direct correlation between their sponsorship campaigns and satisfaction among customers. However, both the respondent emphasises that Carnegie could have done a better job to measure the effectiveness of

their sponsorship investments. However, the knowledge of doing so and the low involvement from top management made it hard to use the right methods and get the financial funds for it.

#### **4.2.4 Risk assessment**

According to both Mr Sandberg and Mr Löfgren, risk was a factor in the decision-making process of choosing sport sponsorship. They did not want to be associated with sport that often appeared in the media in a bad way such as football, and its hooliganism. As mentioned previously, Jerker Löfgren explains that their choice of sponsorship was based on having individuals that could represent Carnegie in a way that reflected the company's brand image. Moreover, Jan Sandberg adds that the chosen individuals' behaviour should also reflect how their customer behaves.

However, Carnegie's biggest concern was to be associated with athletes using some kind of performance-enhancing substitutes. Mr Löfgren explains that this is something that cannot be prevented, however he explains that all their contracts were formed that if happening the cooperation could be terminated immediately. This was also the issue with the athlete Ludmila Enqvist that was caught using anabolic steroids. This resulted in that Carnegie terminated the contract the following day after it was discovered.

Carnegie also had a risk management plan that was based on result. The compensation to the athletes was based on their performance and participation in the major competitions, such as European Championships, World Championships, Olympic Games, and former Golden League. To get full compensation the athletes needed to participate in all these contests.

## **5 Findings and Conclusion**

*This chapter will present my findings and conclusions drawn from my research. It will be presented in the order of my four research objectives to provide a better overview of the findings.*

### **5.1 Objective 1 Research Finding**

***“To assess the decision making process in relation to the use of various sports in the sponsorship mix”***

The finding of this study indicates that companies base their selection of a specific sport sponsorship on several criteria. The study shows that managerial interest, personal relations, the chosen sport’s ability to deliver a message and brand exposure is the most common criteria in the selection process. Moreover, the decision can be made from either top management or individual level.

Below I have described several main factors that the study show to influence the decision-making process in the selection of sports sponsorship.

#### **5.1.1 Company structure and discretion**

The findings of this study implies that the structure of the company’s overall strategy and market strategy will effect the decision making process of choosing who to sponsor. This study shows a clear connection between that if no clear directives are set from top management in form of strategies the choice of sponsorship often becomes based on personal interest and relations. Moreover, the company structure makes the decision making process more obvious as they need to follow the overall market strategies. However, the study shows no connection between decision based on strategies or personal interest and final result. Furthermore, the study does also not show any correlation between the decision and expected association for target audience.

In conclusion it can be said that having structured strategies for sponsorship decision makes the selection process easier and clearer. It can also simplify the monitoring of objectives and result. Furthermore, the findings of this study indicates that clear strategies can help to ensure that the decision gets right and thereby get the most out

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of it. *“I wish we had a better strategy for choosing sponsorship but unfortunately we hadn’t. That had been a great help for us to ensure we made the right choices.”*

*Jerker Löfgren, Carnegie*

Moreover, the findings imply that by including the selection process in the corporate policy it may help corporates to easier leverage the sponsorship by for example side activities. It may also help companies to set up clear objectives and thereby also easier evaluate them and measure the result. However, it is not a necessity. Instead a corporate policy and rules to follow when deciding on a sport sponsorship investment can be set up in order to make it easier for the corporates to motivate the decision.

### **5.1.2 Economy and resources**

In this world’s economic recession, corporates decision regarding sponsorship is well discussed and criticized both internally and externally. The study shows that the decision making process is affected from both management that want to save money but also from customers that thinks that the money could be spent on for example making the product cheaper for end customers. The recession has also led to that corporates invest their money in fewer but bigger sports, as they need to feel that what they gain from the sponsorship agreement needs to be worth the cost of it. In conclusion the cost of sponsorship tend to be an important factor in the decision-making process.

### **5.1.3 Communication objectives**

To have clear communication goals both internally and externally is found to be important in the decision making process. The study shows that clear communication goals affect the decision making process and the choice of sponsorship. In the case of Audi, several communications objectives were set, however their main goal was to create an association between the brand’s abilities and values and the chosen sport. Where in the case of Carnegie, the only key factor was brand exposure. This resulted in that Audis choices regarding the selection process needed to be more specific to fit the communication objectives where Carnegie had the choice to select sponsorship from an exposure point of view and thereby also had a range of more choices.

#### **5.1.4 Geographical reach and target audience**

The findings of the study shows that the geographical reach of the sponsorship may influence the decision making process and the selection process of sport sponsorship. The decision to be seen or not to be seen on a local, regional, national or international level depends on the corporates target audience. However, the target audience is often reflected in the geographical area that the corporate operates in.

The results of this study show that the importance of status and image of the sponsored party is an important factor in the decision making process. The study shows that businesses seeking to sponsor sports or athletes who can represent and convey the same values and vision that the company wants to convey. Moreover, the study implies that corporates seeks to sponsors sports or athletes that their target audience can associate with. The association can be in form of that the target audience themselves actively perform the sport or just like it. Furthermore, one of the most important factor regarding the decision making process is that the sponsorship is visible for the target audience, which is a motive for attempting to sponsor larger sport events instead of small local events, teams and sports clubs.

#### **5.1.5 Sponsorship rights**

The finding of the study shows that different kinds of rights received from the sponsorship agreement influence, in some extent, the decision making process. The finding shows that such rights may include different kinds of sponsorship package, meaning that the corporate gets the right to involve leaders and athletes in their own client activities. This can take the shape of VIP events, such as exclusive meetings, personal training lesson etc. The study shows that hospitality and entertainment possibilities are an important factor in the selection process. This is especially important if corporates consider sponsorship investments that may interest their stakeholders, which can simplify the arranging of different client activities.

#### **5.1.6 Other**

Another important factor affecting the decision making process is the involvement of other sponsors that are involved. This factor can be seen from two different sides. The study shows it may be beneficial to be part and to appear and be associated together with other strong brands. However, the importance to not sponsor the same as competitive brands is seen to be crucial.

## **5.2 Objective 2 Research Finding**

*“Analyse and discuss the key communication objectives set by Swedish companies in the use of sport sponsorship activities”*

The findings of this study show that there are several forms of objectives within the area of sport sponsorship. The major findings of the study imply that the objectives with sponsorship are similar for both of the companies even if they are operating in different business environment. However, the sponsorship objectives set by both companies in the study were differently influenced by personal objectives and interest. The study show that management interest may have a huge impact on the sport sponsorship when no clear directions and objectives has been set to follow overall market strategy. Moreover, the study shows that decisions that are not discussed and analysed by top management tend to be more of a personal interest.

The study shows that the primary objectives in this case study are image building, achieve brand awareness among target audience, relationship building/marketing, achieve media coverage and increase sales. These are further explained below.

### **5.2.1 Image building**

Regarding the objective with image building, the study shows that both the companies in the case study aimed to sponsor sports/athletes that were already well-known and had an positive image which already were accepted by the company’s target audience. Moreover, in some cases the choice of the sponsorship was based on the association between the brand and the sport/athlete. Furthermore, sponsorship choices were also based on the importance of that the sport/athlete should have the same attitude, behaviour and manner, as the corporate wanted to convey.

Even though image building was an important factor it was not the main objective for either of the companies in the study.

### **5.2.2 Achieve brand awareness and media coverage**

The findings of the study show that the objective to achieve brand awareness and media coverage may be the most important objectives for companies. By using sport sponsorship the companies can try to reach new target markets. However, increasing awareness is linked to the result of the sport entity as successful performance often leads to increased media coverage and thereby the number of public relations

opportunities increase. The study shows that the companies in this case study tried to increase the media coverage and thereby increase brand image to get a competitive advantage over rivals. It become especially important as the companies in the case study compete in a highly competitive environment. Moreover, it showed that brand awareness was an important factor when launching new products and business areas to new target markets.

### **5.2.3 Relationship building/marketing**

The findings of the study show that many of the sponsorship activities are used as a mean to create, maintain and explore business/customer relations. Both the companies in the study stressed the importance of client and customer entertainment and explained that many of the chosen activities as well as the contracts were designed to meet this purpose.

*“It was importance for us to have these events to be able to meet and satisfy all our customers.”*

*Jan Sandberg, Carnegie*

The entertainment was a mean to both attract new customers as well as create/maintain business relations with suppliers. Moreover, the both companies in the study stresses that it was also a mean to show partners and customers the success of their own company. The study imply that relationship marketing is an important objective within sport sponsorship as both the companies in the study agree that it was one of the most important reasons of using sport sponsorship. The entertainment to stakeholders often consists of VIP events and VIP treatment.

### **5.2.4 Increase sales**

The study revealed that the main objective for the companies in this study to be involved in sport sponsorship was that they hoped that it would lead to increase sales and increase revenue in the form of an improved stream of new customers. However, the study show that even if increasing sales was the main objective in the end, so was the sponsorship not designed to increase sales right away, but instead increase brand awareness and brand image that later should lead to increase sales.

*“Increase sales is the always the sole purpose in the end, however we did not focus on that directly.”*

*Niklas Henning, Audi*

### 5.3 Objective 3 Research Finding

*“To analyse and discuss methods used by Swedish companies to evaluate the effectiveness of the sport sponsorship”*

The overall findings of the case study shows that companies today not formally evaluates the effectiveness of the sport sponsorship thoroughly enough. Moreover, the study implies that measuring the effectiveness of sport sponsoring is considered very difficult and the accuracy can be doubtful. Furthermore, according to the companies in the case study, suitable and well-known precise and trust consistent methods are non-existent. The findings also reveal that the methods used differ between companies. The method most widely used by the companies often only focus on the rate of media exposure. However, one of the companies in the case study also measured the audience changing perception of the brand. The study also shows that measuring the effectiveness of the sport sponsorship was often outsourced to agencies. Moreover, the methods used to measuring the result seemed to be, in the Carnegie case, inconsistent and irregular. In the Audi case the methods used to measuring the effectiveness seemed to be more consistent as the same method had been used for several years to provide a result that could be compared with previous years result. This could be a result of a more structured strategy for sport sponsoring in general.

In conclusion the findings of the study shows that companies rarely evaluates the awareness of their target market before entering a sport sponsorship relation. Moreover, the study implies that companies have difficulties to find appropriate measuring methods. The findings of the study shows that when entering sport sponsorship as the ones in the case study the companies cannot measure, and detect the relation between increase revenue and increase sales directly to the sport sponsorship. Furthermore, it is commonly that only media coverage and brand exposure is the only factors that are measured. Moreover, the study implies that companies that have a more structured strategy for their sport sponsorship also have more structured ways and methods to measure the effectiveness of the sport sponsorship.

## **5.4 Objective 4 Research Finding**

*“To analyse and assess the perceived risks of sports sponsorship and the strategies used by companies to pre-empt risk”*

The findings of the study shows that companies rarely have planned strategies to pre-empt risks. Moreover, the most common perceived risks are that the companies will be associated with athletes or teams that use performance-enhancing drugs, illegal substitutes or behave inappropriate. Moreover, the study shows that companies often not consider the risks thoroughly before entering a sport sponsorship. However, the study also shows that the most common perceived risks are inevitable and unpredictable.

### **5.4.1 Perceived risks**

When considering the perceived risks within sport sponsorship the findings shows that companies evaluate this differently. In the case of Carnegie, they have chosen to focus on individuals, as it according to them is easier to control. Whereas in the case of Audi, the opposite is done and they have focused on teams because they do not want to be associated directly with the individual if any problem or issue would occur. The findings of the study shows that both options consist of risks that are inevitable and unpredictable. Moreover, the case study findings imply that the most common perceived risks within sport sponsorship are if companies will be associated with athletes/teams using performance-enhancing drugs or illegal substitutes or have an inappropriate behaviour. Another risk that is considered when sponsoring teams is being associated with example hooliganism. However, this is especially considered within sports such as football and ice hockey and is one of the reasons why the companies in the case study have chose not to sponsor such. Furthermore, another perceived risk is poor performance and results. However, this is something that companies evaluates from situation to situation, depending if it leads to less media coverage and if it may result in that the brand image of the company will degraded.

### **5.4.2 Strategies used to pre-empt risks**

The findings of the study shows that small efforts to pre-empt risks is done by the companies. The study reveals that the companies in the case study only strategy for pre-empt risks are to design contracts where they have the possibility to terminate the contract if performance-enhancing drugs or illegal substitutes are used and if the

athlete or teams behaviour are so inappropriate that it may lead to disqualification from competition. The study shows that strategies to pre-empt risk from poor performance and results are rarely done. However, companies often have some incentives for outstanding performance and results.

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## 6 Implications

*This section will provide recommendations for managers and decision makers handling sport sponsorship questions. Moreover, this section also consists of recommendations for theory and further research.*

### 6.1 Implications for Management

First and foremost managers should make sure that the company early in the initially stage state clear and defined objectives for the sponsorship, as they work as the foundation for the sport sponsorship selection process. Moreover, it is especially important, as the objectives need to be the ground to measure the final effectiveness of the sport sponsorship. In conclusion, clear objectives serves to simplify the selection and decision-making processes, as well as they form a ground to measuring the effectiveness of the sport sponsorship. Consequently, companies may consider the objectives with the sport sponsorship carefully as they might be vital to provide the company with advantages that may be essential for a successful sport sponsorship. Furthermore, managers may, in the selection process, benefit from clearly stated objectives when deciding specific criteria for the sport sponsorship. If before preparation is done thoroughly and clear objectives with the sport sponsorship are stated the selection criteria for choosing sponsorship will be obvious for the manager. This may help companies save time by knowing what they want and thereby the company can preserve itself from unwanted proposals and time demanding search.

Further recommendations for management is to frequently and thoroughly control and evaluate the effectiveness of the chosen sport sponsorship. The findings of this study show that it is few companies that tend to measure the effectiveness of a sport sponsorship activity. The reason is often lack of knowledge about methods, but also that they doubt the accuracy and preciseness of the methods. The lack of measuring within sport sponsorship is surprisingly, as almost every other part of the business operation is strictly controlled and followed up. However, the study show that managers should take time and effort to measuring the effectiveness of the sponsorship as it may lead to that they find out that the sport sponsorship is not financial viable.

## **6.2 Implications for Theory**

The purpose of this study has been to explore the concept of sport sponsorship with the focus on Swedish companies approach towards the selection process and key criteria in the decision-making process. The overall purpose with this study was to gain a greater understanding of the key criteria used in the decision making process, and an overall understanding of the selection process as well as the overall concept of sport sponsorship decisions. In order to gain this understanding the study has viewed the objectives, decision-making process and evaluation effectiveness of sport sponsorship. To achieve the purpose, the study has compared two companies strategy, approach and use of sport sponsorship as a marketing tool and also described their working routines and way of thinking about sport sponsorship. Conclusions of this study have been drawn by comparing and analysing the collected data from the two companies in the case study.

There are today many existing theories within the area of sponsorship. However, there are only a few of them focusing completely on sport sponsorship. Moreover, many of the existing theories are focusing mainly on the evaluating the effectiveness and methods to measure the effectiveness. This study is made to contribute further to the existing theories within the area of sport sponsorship and also contribute to the research area focusing on the decision making process within sport sponsorship.

## **6.3 Implications for Further Research**

It has been more and more common for companies to use sport sponsorship as a marketing communication tool. However, the research within this area is limited and many companies invest and chose sport sponsorship activities on an ad hoc basis. Sport sponsorship has boomed in the later years comparing to traditional advertising as a way of marketing a brand and reach target audience more precisely and accurate. The cost of sport sponsorship is often high and it is therefore strange that companies do not chose and evaluate their investments in sport sponsorship thoroughly enough. This study is conducted to provide a better understanding of sport sponsorship focusing on the decision-making process and the key criteria used in the selection process. However, this study is conducted in a narrow manner with only two Swedish companies as preferences. For that sake a more extensive and quantitative research is recommended in order to achieve results that can be generalised.

Moreover, following areas are recommended for further research.

- Sport sponsorship comparison between small vs. large corporation.
- Sport sponsorship as a marketing communication tool within international, global, or multinational company.
- Further research focusing on the internal communication within the company.

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## **8 APPENDIX 1 – INTERVIEW OBJECTS**

### **CARNEGIE**

#### **Jan Sandberg**

Jan Sandberg is a former employee at Carnegie's headquarters in Stockholm, Sweden. Except that he was one of the initiative takers for the sport sponsorship program at Carnegie his main job was broker and financial advisor. Mr. Sandberg was and still is also involved personally in Swedish athletics and in different Swedish sport federations.

#### **Jerker Löfgren**

Jerker Löfgren is Head of the legal department at Carnegie. However he was also one of the initiative takers for their investment in sport sponsorship. At that time he was employed as a financial advisor and broker at Carnegie. Moreover, Mr Löfgren was and still is personally involved in the Swedish Alpine Skiing Team and the Swedish Olympic Committee.

### **AUDI**

#### **Niklas Henning**

Niklas Henning is employed at Volkswagen Group where he is Event & Sponsor Manager for their brand Audi. Mr Henning is also a former elite downhill skier and has competed for the Swedish National team. He still has personally connections within the sport.