

THE DYNAMICS OF SPORT SPONSORSHIP AND ITS ROLE IN THE MARKETING MIX

by Thebe Ikalafeng

Sport is an inextricable part of the South African culture and fabric. The defeats and triumphs of our national teams and athletes affect our national mood and self-perception. Cases in point are the somber national mood as a result of the less than expected performances of our Springboks at RWC 99, Bafana Bafana at soccer World Cup in 1998, the Proteas at the Cricket World Cup in 1999, the outcry and shame at Hansie Cronje's cricket scandal, and the national disappointment at the loss of the soccer World Cup 2006 bid. On the other hand, euphoria, national pride and wild celebrations welcomed the Springboks victory at RWC 95, Bafana Bafana at the CAF competition in 1996, and Penny Heyns and Josia Thugwane's gold medal performances at Olympics 1996. On those days, spectacularly positive or negative results are the headlines on all major news carriers. Sport is used as a draw to the rest of the news bulletin.

The birth of sport sponsorship

Sport touches our emotional core like no other activity. In many ways athletes shoulder the hopes, aspirations, dreams and self-esteem of supporters. Their performances and actions on the field have a profound impact on fans; on the relationships they, as consumers of the sport, have with the sport, the players and those who are associated with the sport – the sponsors and organizers. During any 90 minutes of a Chiefs versus Pirates match, 80 minutes of a Springboks versus New Zealand game, or 9.82 seconds of a Maurice Green 100m sprint, live at the event or in front of a television, the consumers are transfixed in a "zone," a state of mind where nothing matters in the world but the action on the field. For that moment, they consume every bit of information related to the action on the field: the game and its sponsors.



During this time, they are connected to their heroes. These are the moments that most marketers buy into with their sponsorship; to be a part of the "zone" of reference, to form or formalize a relationship with the consumers, who span the rich and diverse South African race and cultural landscape.

With the proliferation of global and local competition, of off-line and on-line media,

and the complexities of targeting South Africa's diverse consumers, success in winning their attention is often the difference between the success and failure for most brands. Marketers who want to focus their communication and capitalize on a captive and attentive market at a point in time – sports fans – have incorporated sport sponsorship into their integrated marketing mix.

Sponsorship, like advertising, is the most visible component of the marketing mix, and plays a critical and active role in affecting or shaping the target consumer or affected consumers' opinion on the sponsor's brand.

Since 1994, when South African sport took its rightful place in the international sporting stage after many years of isolation, and global sport brands re-entered our shores, sport sponsorship has grown at exponential rates. Major local telecommunications companies such as Vodacom and MTN, and beer giant, SAB, have led the way, investing millions into the most popular team sports: soccer and rugby, and athletes. According to BMI Sport Info, sport sponsorship has been growing at an estimated 22% annually and accounting for an excess of 20% of most sponsor companies' communication budgets, taking a prominent role in the marketing mix and share of the demand creation budget. On the other hand, advertising investment grew by significantly less than 10 percent.

Sport in the marketing mix

Marketing, as generally defined, is the management of mutually beneficial relationships. Consequently, sponsorship of sport or other events, is now an essential element in the marketing mix, and a proven communication vehicle or medium to facilitate the relationship between the sponsor and the sport consumer, who is either an active participant or spectator of sport. Marketers' primary reason for choosing sport as the platform for building a relationship is to gain the elusive attention of the consumer, and etch their brand's position in the consumer's world. Positioning, as described by Ries & Trout in their 1986 classic, *Positioning*, is the perception in the mind of the consumer of the sponsor and/or their brands. Marketers want to establish with their target consumers, a new position, to reinforce a position or to change their position relative to their competitors.

Because of the very personal nature of the relationship between sports and its consumers, the benefits of strategic sport sponsorship far outweigh the impact on the brand than other elements of the marketing mix. Although in general sponsorship occurs at a point in time and specific place, the leverage from media exposure and word-of-mouth often contributes to a return in investment of as much as 15 times in media value (in multi-media brand awareness created).

Properly executed, a strategic sponsorship can go a long way toward solidifying a long-term relationships between the sponsor and the target consumer; reinforcing the brand's position, top-of-mind awareness and overall, creating a sustainable competitive advantage.

The Seven Pitfalls of Sport Sponsorship

Buoyed by the growth in sport sponsorship and the related success of many organizations, sport has spawned many new companies: sport marketing, sports research & information, sport marketing administration and education and sport merchandising. Unfortunately, in South Africa, because of the relative infancy of the industry compared to the

United States of America and Europe, many corporations have jumped blindly into the sport sponsorship business with good intentions but no well-thought out strategies, if any at all.

There are seven principal reasons sponsors' money has often gone down the drain in sport sponsorship.

1. Clear Strategic Objectives

First, as Harvard marketing professor Ted Levitt observed far back in his 1960 classic, "Marketing Myopia," most companies do not have an understanding of the businesses they are in or the consumers they serve. Consequently, they go into sport or any sponsorship, without an understanding of the position or message they want to communicate with their sponsorship. They enter into a sponsorship relationship without having clearly thought-out their long-term strategic objectives for the sponsorship. More often than not, most have as an objective, "to create awareness of the brand." Typically, in pursuance of this objective they will be more concerned with the breadth of exposure and the size and prominence of their logos, rather than with how the association of their brand with the sport will translate to their consumers. Many don't realize, as the late advertising giant Bill Bernbach of DDB Worldwide once said, "Getting a product known isn't the answer. Getting the product wanted is the answer. Some of the best known product names have failed." The demand for a product is not cradled on the awareness of the brand only. Awareness, as created by sponsorship, is only one element of the marketing mix. Matching what the company stands for with the right consumers in the right environment is the first key.

Pepsi Cola, an established brand, with a defined target market – "the new generation" – invested millions in a long-term contract with Johannesburg Athletics Stadium, gained immeasurable exposure in the South African market, yet failed spectacularly because although the product and target market were right, two key elements of the marketing mix were wrong: distribution and demand creation, i.e.,

being at the right places and creating demand for their product by sponsoring appropriate events that interest their target market the "new generations." Red Bull, an energy drink, is an excellent example of a brand that sponsors events which are appropriate to their consumers – raves and extreme sport athletes.

2. Sport's Relevance to Consumer

Second, most companies pour large amounts of sponsorship money into a sport without consideration of the brand consumers' sport preferences. Other than the obvious emotional element, sport is like any product in its diversity of consumers; and in South Africa, in the diversity of its followers. Soccer, which has the highest participation at 1.8m adults versus rugby at 350 000 (BMI Sport Info) is primarily black oriented, while rugby is white oriented. Soccer is also the undisputed #1 spectator sport of the majority of the 44m South Africans. For many years, sport such as rugby and cricket have benefited from enormous sponsorship and selection as a vehicle to build brands, where it would have made sense to spend the money in soccer because the majority of the brands' consumers followed soccer. However, many sponsorship decisions are sometimes made based on the preferences or familiarity of company executives and brand managers with the sport, rather than the fit between consumers and the sport, and communication objectives.

There should be a fit between the sponsor and the sport, in terms of brand position and/or target market profile.

3. Credible Product or Service

Third, sponsors pour money into a sport with the hope of "buying" an advantage for their product. Sponsorship, like advertising, cannot create an advantage for your product. It can only convey it. As Bernbach put it, "the magic is in the product." If the consumer does not perceive any real rational or emotional benefits in the brand, then no amount of sponsorship money can save the product or

the sponsor. Instead, it could shorten the life span of the product and possibly, the sponsor. Great sponsorship, like advertising, is the fastest way to kill a bad product.

4. Sponsorship Leverage

Fourth, most sponsors think their principal sponsorship is the end of the job. The generally accepted standard is that for every rand you spend you need to spend at least twice as much to leverage your sponsorship; to communicate to your target consumers the connection between the target market, the sport and the sponsor – the reason why. Because many sponsors do not fulfil this critical part of the sponsorship mix, many competitors have taken advantage of this loophole to leverage their connection with the sport. The Association of Marketers' (ASOM) defines this activity as "ambush marketing": "an attempt by an organization to create the impression of being an official sponsor of the event or activity by affiliating itself with that event without having paid the sponsorship rights fee or being a party to the sponsorship contract". Marketing, and sponsorship marketing for that matter, is a competitive battlefield to capture the prized attention of consumers. And in sport sponsorship the battlefield is the sport arena where the sponsors and "ambushers" fight for the consumer's share of mind space.

Nike is often accused of being an ambush marketer. A classic example always quoted is the Reebok sponsored Comrades in 1996 when Nike contributed R25 toward the Paralympics' Atlanta Games for every runner finishing with a swoosh decal on their face. The publicity Nike received for their investment of R25 000 was 100 times, to the dismay of Reebok, which led to the organisers banning runners wearing the decal.

In 1998 adidas was the principal sponsor of the soccer World Cup in France when France, an adidas sponsored team, played Brazil, a Nike sponsored team, in the finals. In the soccer World Cup in 1994 in the USA, there were no Nike

sponsored soccer teams, while in 1998, there were six out of a total of 32. In the post-event research conducted, 32 percent of consumers thought the soccer World Cup was sponsored by Nike, compared to 34 percent for adidas, the official sponsor. Nike earned the recognition at the event through leveraging our association with the athletes, teams and the sport by creating an ambitious soccer village, staging the global finals of Nike Premier Cup, a world u/14 youth tournament, and sponsoring elite athletes and teams – Ronaldo, Edgar Davids, Benni McCarthy, Brazil, Holland, and Nigeria, inter alia – that reflect the personality and performance of Nike. With creative sponsorship leverage and a credible product point of view Nike established themselves overnight as a soccer brand.

Advertising, publicity, word-of-mouth, and the brand exposure from integrated leveraging of your sponsorship goes a long way toward establishing a long-term relationship with consumers and creating a halo-effect for the brand. These do not happen naturally. They are deliberate and planned actions of the sponsor. In a playing field dominated by hundreds of sponsors, creatively leveraging your investment is the winning game plan.

5. Long-term Commitment

Fifth, sponsors often take a short-term approach to sponsorship either deliberately or due to change in strategy. Marketing is a long-term relationship. It is not a once-off event. A relationship is something that takes place over time, for mutual benefit, anchored on long-term commitment and trust. In general, no sponsor can expect to win the affection of consumers in the short term. There has to be a commitment to building the relationship over time – usually three to five years.

In 1999, cellular giant MTN became the title sponsor of the Two Oceans Marathon (56km), which after the Comrades, is the most popular in scenic Cape Town. Also co-sponsored by Nike, the event, largely due to excellent leveraging and professional execution by MTN and Nike, was voted the best-ever ultra-marathon in Africa and won the

Association of Marketers' best sponsored event at the inaugural Raptors Awards. Runners and the running media praised it as the best executed event. Unfortunately, due to a change in strategy, MTN did not re-new their one-year commitment. Why did they sponsor the event in the first place? Other than the burst of short-term awareness, what long-term benefits have they gained? What long-term relationship did they build with the running community? On the other hand, IWISA Maize Meal, through the long-term sponsorship of Kaizer Chiefs and the IWISA Spectacular Charity event gained enormous market share and long-term top-of-mind awareness from their association with South Africa's premier team and event. The same can be said of Fedsure's sponsorship of the Stormers, Rothman's sponsorship of the July Handicap, and Bankfin's sponsorship of the Currie Cup.

6. Focused Strategy

Sixth, most organizations lack focus, and throw their money in a variety of sports, like casting a net in the sea with the hope of catching any fish.

To dominate your market and succeed, the best marketers choose their customers and narrow their focus. That is one principal reason Nike is the dominant and leading brand of choice in literally every market it operates. As illustrated in Arthur Anderson's *Best Practices* book, Nike's secret of success is the combination of three essential ingredients: innovative products, focussed segments, and a clear understanding of the emotional ties that bind consumers to their sport. Nike is focused on creating innovative performance products for a few selected sports – soccer, rugby and running in South Africa – in which they can live up to the consumers' expectations i.t.o. product performance.

7. Sponsorship rights and obligations

Finally, most sponsors do not understand the business of sport sponsorship. They do not know what rights and obligations they are buying, other than the association with the sponsored. As a

result, many come out of the experience disappointed with the results. As the old adage goes: "you get what you pay for." Buyers beware.

Sport sponsorship can generally be put under three categories: *title sponsor* where the name of the sponsored event or team is linked with sponsors, e.g. Bankfin Currie Cup; *supplier* or *official sponsor* status where the sponsor is recognized as "official sponsor of X." Another, less popular in the South African market, is the *presenting sponsor category*, where there's typically a title sponsor and a second major sponsor, e.g. Old Mutual Two Oceans Marathon Presented by Nike.

There are three general types of sponsors: those who are integral to the sport, e.g. Nike sponsoring the Springbok's kit; those who are indirectly associated with the sport, e.g. Vodacom as the official cellular supplier of Chiefs, and finally those whose image or target market profile is linked to the followers of sports, e.g. Nedbank Golf Challenge.

Each category of sponsorship or sponsor carries with it a set of rights and obligations relating to usage of the name of a sponsored sport team, event or athlete, merchandising, branding, leveraging, category limitations and future rights; regardless of the amount of money paid. Irrespective of the rights and obligations, and investment in the project, the best sponsorships are those where the sponsor asserts the rights acquired and takes full responsibility for leveraging their sponsorship, rather than leaving the ball in the other court.

Of course with sport sponsorship, the performance of the sponsored team, athlete or event more often than not affects the perception of the sponsors' product or company. When Michael Johnson excels in Nike spikes, generally, the

assumed consumer take-away is that Nike is the premier athletes' brand of choice. Which is generally the take-away or association sponsors desire. Similarly when Hansie or any other athlete or team is entangled in negative publicity sporting a familiar brand, the consumer's take-away could be that that brand's athletes or teams are less than exemplary and by association, the sponsor brand can be perceived negatively.

Is sports sponsorship here to stay? The Hansie scandal will fade, and South Africa will host the Cricket World Cup in 2003. The 'boks will start winning consistently again and recapture the magic of 1995. Bafana Bafana will represent South Africa at the world's most popular team event, the soccer World Cup in 2002 and 2006, and the likes of Hezekiel Sepeng, Josia Thugwane and Penny Heyns, or their successors, will continue to light up the world's most spectacular world sport stage, the Olympics at Sydney in 2000 and Greece in 2004. And the fans will be right behind them. That's where the astute marketers will be as well. Success will go to those who understand not only the sport itself, but the emotional ties that bind consumers to their sport, and leverage the sport and/or event to build a long-term relationship with the consumer and a sustainable competitive advantage.

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