

## **An Analysis of Sponsorship Deals in Sport**

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## **An Analysis of Sponsorship Deals in Sport**

### **Abstract**

Due to the increasing financial value of sport sponsorship, the selection of a sponsorship partner and the development of the sponsorship deal are crucial issues for sports businesses. This study examines the sponsorship selection and development process between football teams and their sponsors. This study is exploratory. Nine case studies were conducted involving three professional, premier league football clubs and six sponsoring organizations, two major sponsors of each club. Results were analysed with content analysis. Findings indicate that the most important selection criteria used from both sides are fit in corporate values of the two partners; revenue opportunities, and possible image enhancement from the deal. Also, results show that both sides use a structured process for developing the sponsorship deal that includes 3 major stages, information collection; preparation and presentation of proposal, and negotiations and contract sign. Also, we find that the sport property only sends proposals whereas the sponsor only receives; the actors in each stage of the process vary, and the extent of the process is affected by the duration and quality of the relationship between the two partners. The study involves nine cases and has limited generalizability. Future research should substantiate results in other settings and using quantitative methods. The findings of this study help sport managers to structure and formalize their sport sponsorship selection and development process. This way sport entities will be able to select the best possible partners for sponsorship and exploit to the fullest extent the money involved from both sides of the partnership (sponsors and sponsees). For the first time a structured process for development of new sponsorship deals is designed. This can help sport managers in managing sponsorships effectively and fast.

**Keywords:** Sponsorship, sponsors, sponsees, football, sports marketing, case studies

## **An Analysis of Sponsorship Deals in Sport**

### **Introduction**

The sports sponsorship business continues to show impressive growth and maturity. While advertising still outspends sponsorship by many times, most industry observers consider that sponsorship around the world is equal to around 7 per cent of advertising expenditure. Market watchers IEG in the USA found that sponsorship expenditure is rising rapidly on a global basis and is expected to rise even more in the coming years (International Events Group (IEG) report, 2010). Sponsorships are used to drive brand communications across multiple platforms, tapping into the passion and dynamism that defines the relationship between a sport and its fan base.

Soccer was even more the most heavily sponsored sport in terms of both the total number and the total value of reported deals. In volume terms, soccer increased its proportion to golf, the next most frequent signer of sponsorships.

There have been billions of dollars spent in recent years on sports sponsorship and projections indicate even more to come. According to IEG, 47 per cent of companies do not spend any cash resources on pre-event research to evaluate the fit for their company. Only 1 per cent spent more than 5 per cent of their rights fee. More disturbing could be the fact that this study also found there are still 33 per cent of companies spending no money on concurrent/post-event research and only 27 per cent of properties are meeting expectations as of 2008.

Researchers agree that sport sponsorship is a rapidly developing marketing practice for firms internationally (Shannon, 1999; Gronkvist, 2000). Most sponsorship-related published studies focus on the USA and Central Europe markets (Shannon, 1999). Also, football is considered to be the most heavily sponsored sport and has been characterized as a multi-million industry (Bennett, 1999; Rosson, 2001). In fact, 209 of the 589 leading sport sponsorship deals that were signed in 2001 were football-related (Chadwick & Thwaites, 2005).

Despite the importance of sponsorship, previous research on sponsorship decision-making is limited (Aguilar-Manjarrez, Thwaites and Maule 1997). Due to lack of well-tested theory to guide their decision-making, marketing managers tend to show a lack of rigor in selecting and managing their sponsorship investments effectively (Kover, 2002). In addition, most sponsorship studies examine the sponsor's point of view (Dinkel, 2002). The purpose of this study is to gain a deeper understanding of how sport properties and sponsors select their sponsorship partners and develop the sponsorship deal.

### ***Literature Review***

Sport sponsorship continues to dominate the global sponsorship market among the industries that use sponsorship extensively and is a rapidly developing marketing practice for firms internationally (Shannon, 1999; Gronkvist, 2000). Among sports soccer is considered to be the most heavily sponsored sport and has been characterized as a multi-million industry (Bennett, 1999; Rosson, 2001). Due to the increasing financial value of sport sponsorship, the selection of a sponsorship partner and the development of the sponsorship deal are crucial issues for sports businesses. Researchers argue that there are various methods to use in evaluating sponsorship proposals. Johnston & Paulsen (2007) find that there are eight factors to consider when evaluating new sponsorship proposals: type of sponsorship; geographic reach; level of involvement; payment type; main exposure method; duration of the sponsorship agreement; fit with brand objectives, and relationship with the sponsorship partner. Moreover, McCook et al. (1997) suggest the use of eight criteria for selecting sponsorship partners: revenue opportunities for the company, ability to integrate the product into the sporting event; costs of sponsorship; exposure to the company's target market; company's image enhancement from the sponsorship; company's competitive advantage gained in the market place through the sponsorship; hospitality/entertainment opportunities for the company, and the opportunity to show the company's commitment to the community through the sponsorship. Finally, Turgeon & Colbert (1992) classify selection criteria into five categories: event-related; sponsored-organization related; market-related; sponsor organization-related, and effect-related.

Furthermore, previous research on the sponsorship deal development process has shown that it includes six stages: objective setting; screening and selection; contract content; execution of the deal; evaluation and critical success factors (Thwaites, 1995). Also, Sack et.al. (2001) argue that from the sport property's perspective the selection and development process of the sponsorship deal includes five major steps: knowing the audience; finding sponsors to fit the audience; making contact with sponsors; packaging a sponsorship proposal, and closing the deal. These findings are aligned with the "data driven approach to sponsorship acquisition" of Morris and Irwin's (1996) study.

Despite the importance of sponsorship, previous research on sponsorship decision-making is limited (Aguilar-Manjarrez et al., 1997) and researchers do not agree on results. Also, in football, most of the sponsorship research studies focus on the football shirt sponsorship and on the sport sponsor's point of view (Chadwick & Thwaites, 2005). As a result, there is little research on the sponsorship selection and

development process as seen from both sponsorship partners (sports sponsors and sponsees) and on the extent of agreement between them. The purpose of this study is to gain a deeper understanding of how sport properties and sponsors select their sponsorship partners and develop the sponsorship deal in football.

### **Methodology**

This study is exploratory in nature. The purpose is to analyze in depth the sponsorship partner selection process and the sponsorship deal development process between football teams and their sponsors. Since research in this area is limited, and there is no agreement between researchers on the selection criteria used or on the stages of the sponsorship deal development process, it was deemed appropriate to use qualitative research to analyze the processes used by both sides of the dyad, the sponsor and the sponsee, and determine to what extent these processes are in agreement and to what extent they agree with previous research. Also, in line with exploratory research theory this study does not use structured research hypotheses, but based on the study findings and after comparing them with previous research, we come to conclusions regarding the partner selection criteria used and develop a process framework for the sponsorship deal that can be used for further research.

With this goal in mind, 9 case studies were conducted involving three professional, premier league football clubs and six sponsoring organizations, the two major sponsors of each club. Case studies involved in depth, personal interviews of the managers responsible for sponsorships in each of the participating organizations, the football teams and the sponsors. The interviews were tape-recorded and transcribed in order to retain the rich information provided by respondents. Also, the interviewer collected and analyzed any documents pertaining to the sponsorship selection or development processes in order to triangulate data. Data was analysed with thematic content analysis ((Holsti, 1969). Using an inductive approach, i.e. moving from data to the development of theory (Kerlinger, 1986), data from each organization was first analyzed separately and then data was tabulated and screened for cross-case patterns. Finally, results were compared with existing literature in order to draw conclusions on which of the constructs identified in the literature are relevant in this context and which new ones emerge. This way we can increase generalisability of findings.

## Results

### ***The cases selected***

The football clubs selected are the three most popular teams in their home country; hold a large fan population, and have competed in UEFA's Champion League Competition many times in the past. On the other hand, all sponsors included in the study are considered successful corporations in their industries and most of them conduct business internationally. The industries they are involved in are telecommunications services; sportswear and sports equipment products; banks, and car dealership.

### ***Partner selection criteria***

The first part of our study concerned the criteria used by both sides of the sponsorship agreement to select targets for sponsorship partnership. Table 1 shows the selection criteria used from each sponsorship partner in order of importance. **Image enhancement** gained through the sponsorship is the most important criterion in 7 out of the 9 cases. As one of commercial managers underlined:

*"The most important criteria when for us when selecting a sponsorship partner are the corporation's brand equity and the potential image enhancement we can gain through the partnership. Specifically, the connection of our football club's brand to a worldwide known, successful corporation having engaged in the past in sponsorship partnerships with some of the elite clubs of the European and International football industry was of major importance, both in terms of added value gained through the partnership plus the ability to access the know-how in sponsorship management in a European and International level."*

The other two show that fit in corporate values between sponsor and sponsee is very important in selecting a sponsorship partner. Characteristically, a football club manager explained:

*"Our brand is connected to power, winner's spirit through clarity and integrity. As a result, we would never choose to co-operate on a sponsorship level with a corporation which is or has been involved in the past in economic or non-economic scandals like other professional football clubs have done in the past with an aim to increase their financial income. We are very careful with this matter and we always examine the prospective sponsor's corporate values"*

**Revenue opportunities** is the second most important criterion ranked first in 2 cases and in other places for another 3 cases. As one of the commercial managers explained:

*"We care not only for an amount of money we will receive for a sponsorship partnership. Through such commercial partnerships we are able to leverage our*

*financial income, but also make our marketing strategy more customized. It's what we call revenue opportunities from the prospective sponsorship agreement and it is an essential selection criterion for us."*

Also the head of the sports marketing department of the sportswear and sports equipment organisation said:

*"We are sponsorship partners with the football club and we also provide the players with our sportswear and sports equipment. Apart from this partnership the football club also buys from us all of the sportswear it sells in its sportswear boutiques. So apart from trying to achieve our marketing objectives through the sponsorship partnership we also gain a direct increase of sales, what we call an extra revenue opportunity."*

Thirdly, **the prior quality of the relationship** that is developed between the two parties is critical for 4 cases and ranked second in one of these cases. According to the manager's words:

*"We have been sponsorship partners with the certain football club for the past nine years. The quality of the relationship we have developed through the years allows us to feel part of a secure and stable sponsorship environment in which our sponsorship objectives will be accomplished. Up to now we are completely satisfied by this partnership and this relationship we have developed through the years is a very strong reason for us to renew the deal every time our contract is about to expire. In this business environment you don't find easily partners you can trust, partners who can understand your needs and completely satisfy you. Once we find one we make sure he understands how much appreciate he is. "*

Fourth, two cases show in second place the importance of having the **same brand characteristics** since this is helpful if the image of both parties is going to be enhanced by the partnership. Furthermore, for 4 out of the 6 sponsors, the **geographical coverage of their target market by the sponsee's fan base** is critical for selecting sponsorship partners. Also, **the terms of the actual sponsorship contract** are important in 3 cases. The brand manager of one of the sponsoring organizations characteristically said:

*"It is of great importance for us to reach our target markets, if not, what's the point of entering into a sponsorship agreement? What's the point of sending a message to a certain person when you know it will never be delivered to it? One of the main reasons we partnered with the certain football club is that it holds a large fan population and reaches our defined audience."*

Furthermore, the commercial manager of one of the football clubs said:

*“After examining our major criteria, we finally have to take into consideration the prospective contract’s terms. We make sure to remember that we are a business with financial income and outcome. The duration of the sponsorship agreement as well as the prospective income gained through it are taken into account. If two prospective sponsors fulfil our major criteria and one of them is willing to make a bigger investment of longer duration than the other we will definitely choose the agreement which is more financially profitable for us.”*

Finally, there are specific factors related to specific cases that are directly related to the type of business of each sponsor. **The quality of in-kind offers** is important in the case of a sportswear and equipment manufacturer; **financial stability** is important for a bank sponsor;

As the commercial manager of one of the football clubs pointed out: *“In case the football club’s fan is not satisfied by a cell phone or a telephone connection he will just simply move to another telecommunications company as a matter of a daily routine but if the football club is connected to a bank by which the fan is unsatisfied due to the insufficient or bad management of his money then lots of negative consequences will follow mainly for the football club’s brand, reputation and fan data base. As a result we are very careful when examining sponsorship partnerships with banking corporations”.*

Furthermore, regarding the quality of in kind offers he added:

*“Apart from the financial income, our sponsorship partner provides the team with the football shirts, uniforms, football shoes and all the other necessary sports equipment acquired for the competing part of the players in the field. Consequently, a very important criterion for us is the quality of sportswear and sports equipment. It is of great concern to the football club that its players compete wearing the most innovative, high technology sportswear and equipment in order to be competitive enough. The best players in a leading Greek football club, as we are, need to wear and use the best sportswear and sports equipment”.*

Also, the financial health of a football club is important for many sponsors; **personal relationships and emotions** of managers are important in the case of smaller companies that search for sponsorship targets, and for some football clubs the prospective sponsor’s previous sponsorship activity and sponsorship orientation are important. The manager and owner of a smaller company explained:

*“Well, I cannot deny my passion and love for the certain football team. I have been a member of its elite businessmen members group for the past 6 years and have been having personal relationship with the majority of its top managers...of course the criteria I mentioned were evaluated but to be honest upon deciding I*

*wanted to enter into sport sponsorship I couldn't think of partnering with another football club."*

Regarding the prospective sponsor's previous sponsorship activity and sponsorship orientation the football club manager said that:

*"Before approaching a prospective sponsor we gather information on its sponsorship background and its previous sponsorship involvement and we detect its eagerness to co-operate with us before the very first approach. We aim to have partners that are willing to enter into our sponsorship family; feel part of it and be prepared to offer things to this family, just like the family does for its members".*

Regarding the financial health of the sport property as a criterion of high importance the brand manager of a sponsor explained that:

*"There have been several cases in the international professional football industry where due to frequent changes of the people in high managerial positions of professional football clubs, instances of financial mismanagement were identified. When we start a sponsorship partnership we see it as an investment and thus, we need to be sure that the sport property is financially healthy and that our investment is safe."*

Sponsor 3-1 finds that criteria of high importance are also the **same brand characteristics; the level of football club's fans loyalty; and the improvement of the corporation's KPIs** including dynamism, innovation & greekness being measured every month. As the senior brand manager said:

*"The easier the connection of our sponsorship partner's brand with our brand is being made in the consumers' perception the more chances for a successful sponsorship partnership we think we have. With the football club we have the exact same three brand characteristics: red, rock solid, and restless and are totally aligned with football club C's brand characteristics, our philosophies are in agreement... Out of our sport sponsorship experience we have detected that high levels of fan loyalty affect positively the success of our sponsorship partnerships. Fans with high loyalty to a football club or a sport property support in anyway they can its sponsors and feel them as part of their sports family. And especially in football where fans are very passionate and loyal we believe that this is a criterion of major importance".*

He also further explained:

*"When it comes to sport sponsorship we wish to have measurable selection criteria. We measure our Key Performance Indicators on a monthly basis. The Key Performance Indicators we care about are greekness, dynamism and innovation. So every month we get the reports from the out door survey agency we are co-operating with. Before entering a partnership the survey report predicts what the indicators will*

*look like if we decide to go for the deal and after entering the deal KPIs are measured in order to decide upon renewing the deal or not or adding extra components in the sponsorship package.”*

The criteria of importance when entering a sponsorship deal for sponsor 3-2 are also the prospective contract's terms (price, duration); the prior quality of the relationship; the management and organization of the sponsee; and the competitive advantage gained through the sponsorship. As the marketing manager of sponsor 2 stated:

*“The bank needs to be ascertained that the prospective partner's management and organization are structured in such a way that the requirements agreed upon will be fulfilled. We have certain examples from the past to remember where we had to end some agreements due to the partner's lack of ability to carry out the components of the sponsorship deal...» and*

*“Some of our competitors have tried in the past to partner with some of our sponsorship partners when our contract was about to expire. Our sponsorship partnerships are very successful and allow us to succeed in our strategic, corporate and marketing objectives. As a result we pursue sponsorship agreements which can provide us with potential competitive advantage and we are very careful and investigative when selecting prospective sponsorship partners or renew our sponsorship agreements”.*

From the analysis of all selection criteria used we make the following important observations:

The majority of sport sponsors and sport properties have certain, precise and stable criteria for selecting sponsorship partners. These criteria derive from their sponsorship objectives that are part of their marketing strategy. As a result, the selection criteria used differ according to each organization's unique corporate and marketing strategy. The most important selection criteria for both sides of the partnerships are the possible image enhancement that they can gain through the sponsorship partnership; the potential revenue opportunities; the match of target markets, and the prospective contract's terms (duration of the agreement, price of sponsorship, financial income gained through the sponsorship). The prior quality of relationship when deciding upon renewing a sponsorship agreement is of major importance. In contrast to sport sponsors, sport properties have to select sponsorship partners from a variety of different industries and thus use special selection criteria according to the industry each prospective sponsor belongs to (banking corporations: financial stability, sportswear & sports equipment corporations: quality of their products).

**Table 1.** Selection criteria used for selecting sponsorship partners in order of importance.

Football club 1	Sponsor 1-1	Sponsor 2-1	Football club 2	Sponsor 1-2	Sponsor 2-2	Football club 3	Sponsor 1-3	Sponsor 2-3
Fit in corporate values	Image enhancement	Fit in corporate values	Image enhancement	Image enhancement	Image enhancement	Image enhancement	Image enhancement	Image enhancement
Image enhancement	Revenue opportunities	Sponsee's reputation & position in European football	Sponsorship orientation of sponsor	Revenue opportunities	Prior personal long-term relationship of decision-maker with F.C	Same brand characteristics	Same brand characteristics	Prior quality of relationship
Duration of proposed agreement	Geographical coverage of its target market by sponsee	Image enhancement	Sponsorship activity of sponsor	Geographical coverage of its target market by sponsee	Manager's emotional attachment to F.C.	Revenue opportunities	Geographical coverage of its target market by sponsee	Geographical coverage of the defined audience
Prior quality of relationship	Financial health of potential partner	Duration of proposed agreement	Demographic-psychographic match	Financial health of potential partner	Prospective contract's terms	Prior quality of relationship	Level of fan loyalty	Management & organization of the sponsee
Revenue opportunities		Revenue opportunities				Special criteria (bank's financial stability)	Improvement of corporation's KPIs (dynamism, greekness etc.)	Competitive advantage gained
Quality of in-kind offers by sponsor		Prior quality of relationship				Prospective contract's terms		Prospective contract's terms

### ***The sponsorship deal development process***

The second part of this study analyses the stages of the process followed in order to come to a sponsorship partnership deal. In Table 2, we analyse the process followed by the 3 cases of football clubs and in Table 3, we present the process followed by the 6 sponsors involved in the study. Although the number of steps of the process or the timeframe of each step vary between cases, all 9 cases follow a process that can be organised into 3 main stages: information collection; proposal preparation and presentation / receipt of proposal, and negotiations and contract sign. So, the process is structured for all 9 cases.

#### ***a. Football club process***

All 3 football clubs in the first phase of the process collect customer information which is necessary for estimating fit with potential sponsors and their target market. Also, 2 of the 3 clubs use an outdoor survey agency to collect information on sponsorship competition and contact potential sponsors through their commercial department.

In the second phase, the preparation of the sponsorship proposal is done by the marketing department (in all 3 cases) whereas it is approved by different department according to each case (commercial director or financial department). One of the clubs cooperates with an outdoor sports management and marketing agency (SMMA) for big sponsorship deals. Also, one of the cases uses an outdoor agency to price the sponsorship. Furthermore, the proposal is presented to the sponsor by the commercial director or manager; a group from the commercial department, or the SMMA. The third football club utilizes two options during the process. Either its marketing department prepares the proposal and the commercial manager (or one of the three selected members of the commercial department) make the presentation (sponsor 2), or in big sponsorship deals the marketing department co-operates with an out-door sports management & marketing agency (SMMA) for the proposal's preparation and the presentation of the proposal is being made exclusively by the SMMA to the sponsor (sponsor 1). In the third phase of the process, negotiations are done by the same people that present the proposal. Negotiations involve the reciprocal arrangement; cost of sponsorship, and methods of exposure of the sponsor. Where the SMMA is involved, the commercial manager approves the deal whereas the general director approves the deal in one of the cases. Also, the contract is developed either by the club's legal department or with the help of an external law firm and the contract is signed.

**b. Sponsor process**

Most sponsors (5 out of 6) collect psychographic and demographic customer information and compare it with the profile of the sport properties they consider as targets for sponsorship. Most work in this initial phase is done by the research department whereas in some cases help comes from the sports marketing department (SMD); the sponsorship team (part of commercial department), or an outdoor survey agency. In cases of an old sponsorship relationship that comes up for renewal, there is an examination of the previous contract's terms before expiration by the SMD; the sponsorship team or the marketing department. In the case of sponsor 2-2 there is minimal up-front work because this is a small company that bases its selection of partners mostly on personal relationships with the sport property's managers and on emotional attachment with the team. So, without any research information, there is only a contact by the director and request for a proposal.

In the second phase of the process, in most cases sponsors receive and evaluate proposals from sport properties. The evaluation is done by different actors including the «brand team»; the research department; the general director; the financial department, or the marketing manager. In the case of sponsor 3-1, there is a different process in place. The sponsorship team prepares a new concept for the sponsorship deal (components, pricing etc.) before the new proposal is being presented to them from the sport property. As the senior brand manager explained:

*“We need to be fully prepared, accurate, and communicate clearly the needs of our company regarding the sponsorship partnership. That’s why we make sure we have already prepared our own proposal consisting elements which cover our company’s needs. When the time of the new proposal’s presentation comes someone could be disoriented by attractively presented elements of minor value to the company’s needs and this is something the sponsorship team avoids by being well prepared and knowing exactly what it wants and how it wants it to be done. We believe this saves the company time and money as well.”*

When the time comes, the external SMMA working for the football club presents the new proposal to the senior brand manager.

In the third phase, negotiations are done by the same people that received and evaluated the proposals and some aspects of the deal may change as a result of negotiations. Furthermore, the final proposal is approved by either the legal department or a legal consultant of the company. Also, it may be approved by the financial department; the commercial manager or department; the general manager, and in the case of subsidiaries, the Director of South East Europe. Finally, the contract is developed by the legal department and signed. In the case of a

subsidiary, the contract is prepared by the Regional Headquarters (South East Europe) and sent to the subsidiary which forwards it to the sport property.

**Table 2.** The sponsorship deal development process for football clubs.

<b>Football club 1</b>	<b>Football club 2</b>	<b>Football club 3</b>
Acquisition of demographic and psychographic information of fan base Outdoor survey agency collects information on sponsorship competition	Acquisition of demographic and psychographic information of their fan base Outdoor survey agency collects information on sponsorship competition	Research dept collects demographic & psychographic information of fan base
Initial contact with sponsors by commercial director	Initial contact with sponsors by commercial department	
Preparation of sponsorship proposal by the marketing department & approval by commercial director Outdoor agency prices sponsorship with relative value method	Preparation of sponsorship proposal by the marketing department & approval by financial department	Preparation of the proposal by marketing dept; in big sponsorship deals co-operation with out-door sports management and marketing agency (SMMA)
Marketing dept finishes proposal & commercial director sets up appointment & presents proposal to sponsor	Presentation of proposal by commercial dept	Presentation of proposal by commercial manager or the 3 selected members of commercial dept (CM); in big sponsorship deals presentation by the out-door SMMA
Negotiations by commercial director (reciprocal arrangements, cost of the sponsorship, methods of exposure of the sponsor)	Negotiations by the member of the commercial dept responsible for each sponsorship proposal	Negotiations with members of CD; in big sponsorship deals by the out-door SMMA & approval by commercial manager
Approval of general director	Contract development by the legal department	Receipt & evaluation or preparation of the contract by legal department
Contract sign with help from external law firm	Contract Sign	Contract sign

**Table 3.** The sponsorship development process for sponsors.

Sponsor 1-1	Sponsor 2-1	Sponsor 1-2	Sponsor 2-2	Sponsor 1-3	Sponsor 2-3
Research dept collects demographic & psychographic info of customers & compares it with profile of sponsee's fan base	Research department identifies demographic & psychographic characteristics of target market & sports marketing dept (SMD) evaluates fit with sponsees	Research department collects demographic and psychographic information of customers & compares it with profile of sponsee's fan base		Research department collects demographic and psychographic info of customers & "sponsorship team" compares it with profile of sponsee's fan base	Out-door survey agency provides psychographic characteristics of target market & research department gathers demographic info of customers & compares with sponsee's fan base
	Examination of the previous contract's terms one year before it is about to expire by SMD		Initial contact by the general director and request of a proposal	Examination of the previous contract's terms by the commercial department's "sponsorship team"	Examination of the previous contract's terms by the marketing department
Receipt and evaluation of sponsorship proposal by the "brand team" & research department	Receipt of the new sponsorship proposal six months before expiration by SMD	Receipt and evaluation of sponsorship proposal by the "brand team" & research department	Presentation of the proposal to the general director & evaluation by general director & financial department	"Sponsorship team" prepares new concept for the proposal (components, pricing) before the new one is presented from sponsee Presentation of new proposal by the out-door SMMA to senior brand manager	Presentation of new proposal by commercial manager to the marketing manager
Negotiations & possible reformation of the proposal by "brand team"	Negotiations by SMD	Negotiations & possible reformation of the proposal by "brand team"	Negotiations & alteration of certain elements of the proposal	Initial negotiations based on concept prepared by "sponsorship team"	Negotiations
Approval by legal department	Approval by General Director of South East Europe (SEU) (if disapproved 2 <sup>nd</sup> cycle of negotiations begins)	Approval by legal department	Approval by corporation's legal consultant	Negotiations	
Contract development by legal dept	Legal department of SEU prepares contract, sends it to subsidiary who sends it to sponsee's commercial department	Contract development by legal dept		Contract development by legal department & approval by financial dept & commercial manager	Receipt of contract & approval by financial dept, commercial dept, law dept (of contract) & the general manager
Contract sign	Contract sign	Contract sign	Contract sign	Contract Sign	Contract sign

**c. Overall observations & results**

By combining the processes of both football clubs and sponsors we come up with a full, detailed development process of the sponsorship deal (see Figure 1). By analysing these processes we make the following important observations:

In all the cases analysed, the companies involved (both sponsors and sponsees) have a structured process in place for selecting sponsorship partners and developing the sponsorship deal. The structured process identified is the same for sport properties and sport sponsors and is comprised by three phases:

Phase 1: Information collection phase

Phase 2: Proposal preparation & presentation or receipt of proposal & evaluation

Phase 3: Negotiations and contract development & signing

Those phases are consistent with the new service development process advocated for complex financial services in which three main stages are also identified: The initiation stage (idea generation, product screening, preliminary market assessment and market research, financial and business analysis, and concept development and evaluation), the development stage (service design and process development, in-house service testing with customers and operations personnel) and the implementation stage (product testing before launch, test marketing, piloting, employee training, in-house selling and communication of the new service to frontline personnel, the actual launch, and post-launch review). As a result, sponsorship deals can be treated as new services that are developed by both sponsors and sport properties.

The timeframe of the process varies from 3 weeks to 5 months. For a brand new sponsorship deal it could take up to 5 months, for renewals maximum 3 months and for one sponsor that the process was managed mainly by one person, the owner, it lasted only 3 weeks. In brand new sponsorship deals the timeframe of phase 1 is extended due to more extensive research procedure and harder initial contact (no pre-existent relationship), phase 2 is also a little extended because in contrast to renewals the proposal is being analysed and prepared from the beginning, and finally in phase 3 the negotiations and the contract sign stage may enlarge a lot the timeframe in comparison to renewals.

The collection of customer information is important for both sponsors and sponsees and is placed at the beginning of the process even in cases of renewal of a sponsorship agreement. In cases of new sponsorship partnerships customer information is useful for screening purposes. On the other hand, in case of renewals

of contract customer information shows how customers' needs and characteristics change over time so that these changes are addressed by the new sponsorship deal.

Sport properties act mainly as the senders of the proposal whereas sport sponsors mainly receive proposals. Most of the companies don't have a structured process for reversed roles. Only one football club had a structured process for both the roles of the sender and the receiver. In fact in the sponsorship partnerships that were described the football club was the receiver and the commercial manager explained that usually the football club receives sponsorship proposals rather than sending because of the brand's value and the reputation and position in the football industry the football club after all these years now possesses. Nevertheless, he further explained and analysed that most of the sponsorship proposals they receive don't fulfil the main selection criteria of the club. As a result, the need for prospecting actions by the football club's commercial department in the past emerged and probably will emerge in the future as well. Every time such need took place the process was managed by the same people with the same departments involved and same sequence of stages alike the process of the rest of the football clubs plus in the initial stage of tracing prospective partners apart from the research department, the personal network of contacts in the business market each employee of the commercial department had was used as well.

The actors in each stage of the process differ by company. The departments involved for sport properties are the commercial department with the commercial manager handling the process; the marketing department; external survey agencies; the financial department, and the legal department (or co-operating external law firm). The sponsoring organizations have the marketing manager handling the process along with their marketing departments (or members of the marketing department comprising teams handling the sponsorships); research departments operating in-house; financial department, and legal department involved in the sponsorship development process.

The size of an organization and the number of departments and people involved in approving a proposal may extend the timeframe of the process. Furthermore even in same sized organizations differentiations could occur depending on the management and organization of the sponsors. In two cases where both sponsors were subsidiaries of multinational corporations and approval by headquarters was needed, timeframe was extended in the case in which all the stages of the process were reported and approved or disapproved by European headquarters, plus the contract was prepared there too, in contrast to the second case in which all the stages of the process were handled by the subsidiary and the approval was in

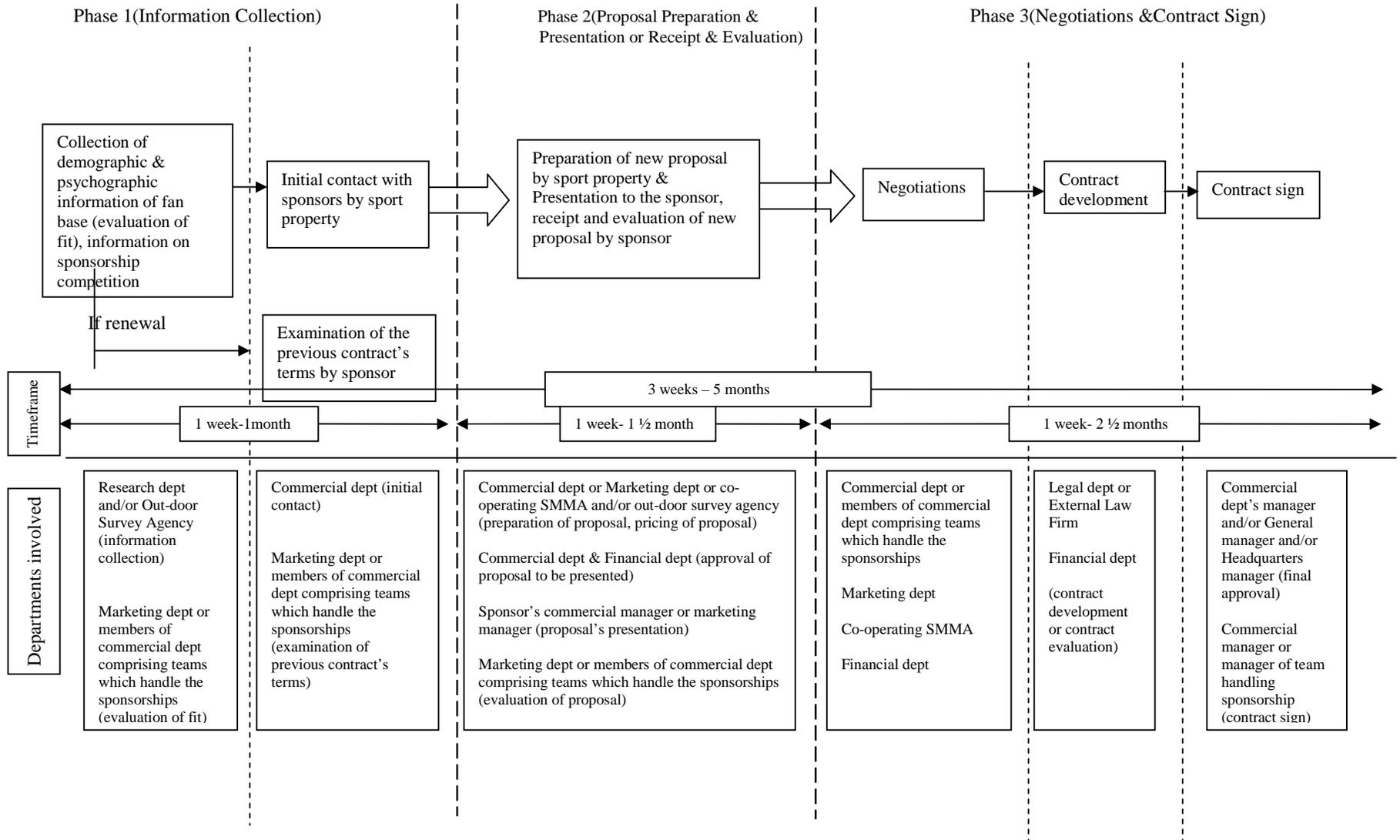
demand only in the last stage. In first case the timeframe was 5 months whereas in the second case 3 months. Also the time of the year the proposal is made may extend the timeframe. If it is sent after the organisation's sponsorship annual budget is "locked", they could keep it running for the next year which means extend of the timeframe up to 10-12 months.

Negotiations involve one or more stages and concern reciprocal arrangements, cost of the sponsorship, and methods of exposure of the sponsor.

The **timeframe of negotiations** concerning reciprocal arrangements cost of sponsorship and methods of exposure of the sponsor can differ from one company to another. Even though both sponsors are brand new for the second football club the prior personal relationship of the general director of the cars dealing company (Sponsor 2) with the football club facilitated the communication and reduced the timeframe of the negotiations. In addition, a smaller sized company such as Sponsor 2 in comparison to multinational corporations, with less departments and people involved in the sponsorship development process, can also reduce the timeframe of the sponsorship development process.

Outsourcing is used in several and different stages of the process. Especially in big sponsorship agreements, sport properties may choose to co-operate with external sports marketing and management agencies or assign parts of the process to outdoor agencies (e.g. external law firm).

**Figure 1.** The sponsorship deal development process.



### ***Managerial Implications***

The findings of this study present many implications for sport managers. In particular, we observe the following:

The most important criteria that should be used for selecting sponsorship partners are fit in corporate values; revenue opportunities from the agreement, and image enhancement through the connection of the two parties in customers' mind, something that depends highly on the reputation of the sport property in the market. Also, in case of in-kind offers, the quality of the offered products or equipment is crucial for the sponsee since it can affect both the performance of the field players and the brand image of the sport property.

The use and importance placed on selection criteria varies according to the type of sponsoring organization. As a result, the special characteristics of the potential sponsor (e.g. multinational vs national firm) should be taken into account when the sponsee develops the sponsorship proposal.

Companies should manage their sponsorship development process in the same way they manage their new service development process. When a long-term relationship is already established between the two parties based on trust and mutual benefits, then the process can be smaller and faster such as in the case of «me too services» whereas when a new deal is sought the process is longer and takes more time such as in the case of new services.

The process developed in this study can serve as a guide for sport managers in structuring their process of developing the sponsorship deal. This will provide a formal process that can be evaluated at the end and enhanced if necessary to avoid any potential pitfalls. This way, the money committed to sponsorships will be used effectively and sport properties will be able to select the right target companies that will stay in the deal for the long term.

The establishment of long-term relationships of high quality affects the decisions of managers on sponsorship partnerships. Like in any other business-to-business relationship, the two parties develop ties that create trust, commitment, and satisfaction and thus, it is difficult to end the relationship. So, it is better for sport properties to cultivate long-term relationships with sponsors. As the relationship matures, the process of sponsorship renewal is easier and the relationship of the two brands in consumers' mind becomes stronger.

It is very important for all companies involved in sponsorships to systematically collect and analyse customer data in order to know their target market and select the appropriate sponsorship partner.

### ***Limitations and Suggestions for Further Research***

The findings of this study help sport managers to structure and formalize their sport sponsorship selection and development process. However, it is limited to only nine case studies and thus, results cannot be generalised. Also, the study is limited to one sport and one country, and thus it is not possible to account for differences between sports; cultural differences between countries, and differences in football management practices across countries. Future research should extend the number of cases, conduct multi-industry or multi-national surveys and use the theory developed for survey-based studies.

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