

Factors Underlying the Objective Setting for use of Sport Sponsorship as a Tool of Marketing

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Abstract

In today's business world, because of the increasing competition, companies are always on the lookout for different strategies of marketing. With increased clutter on the traditional media, companies are increasingly using other ways to reach their target audiences. Use of sport sponsorship as a tool of marketing is finding favour with increasing number of Indian companies. However, many companies just seem to have jumped on the bandwagon without applying much thought to effective use of sport sponsorship. They may not be sponsoring sports purely for marketing reasons or may not be very particular about the kind of objectives to be set. Therefore, a study was conducted to collect the opinions of the sponsors about sponsorship management with a view to identify underlying constructs and make broad explanation of certain statements about sport sponsorship management while setting the objectives. The study is based on a sample of 248 respondents. Factor analysis has been used to achieve the objective of the study. The paper is based on the results of the study.

Keywords: sport sponsorship, tool of marketing, sponsorship objectives

1. Introduction

Sport sponsorship is increasingly being used as a tool of marketing communication by the companies all over the world, including India. For the multinational companies also, India is emerging as a big market for and they are expected to spend considerably large amounts on sport sponsorship. Though cricket has been the mainstay of sport sponsorship till recently, it is now facing challenge from the new leagues related to other sports. In India (**DNA, 2014**), the amount of money spent on sport sponsorships has grown by 92% in five-year period of 2008 to 2013, from 2,139 crore in 2008 to 4,110 crore by end of 2013. In 2014, the sports sponsorship revenues by grew 10% to Rs.4,809.6 crore, largely driven by interest in new sporting leagues including the Indian Super League (ISL), Hockey India League and the Pro Kabaddi League (**Choudhary, 2015**). However, little is known about what the companies are doing and what aspects do they keep in mind while considering sport sponsorship. **Gupta, Naik & Arora (2013)** also opine that till date, sponsorships have not been subjected to extensive research in an emerging economy like India, which is considered to be a virgin in terms of sponsorship research. This study, therefore, is an attempt to delve into those aspects which are considered important by the Indian companies when they consider sponsoring of a sports event. The results will serve to close a research gap which is there.

2. Objective

When taking a decision about a sponsorship programme, obviously, the first stage is to decide about the sponsorship objectives in a proper manner. Importance attached to sport sponsorship will determine the objective setting. Therefore, the main objective of this paper is to identify underlying constructs and make broad explanation of the selected statements about sport sponsorship management while setting the objectives.

3. Literature Review

When taking a decision about a sponsorship programme, obviously, the first stage is to decide about the sponsorship objectives in a proper manner. Importance attached to sport sponsorship will determine the objective setting. Many researchers have also studied various aspects of sport sponsorship management related to setting of objectives.

Meenaghan (1983) and **Lee (2008)** identify the importance of use of sport sponsorship for enhancing and strengthening business ties.

Van Heerden (2001), in his study, asked the respondents to indicate importance they attached to statements about sponsorship management. These statements were about setting measurable sponsorship objectives, Profit and non-profit objectives, social responsibility and philanthropic objectives, Image enhancement objectives, senior management's co-ordination of the sponsorship effort, the fit between sponsorships and overall corporate plan, measuring sponsorship effectiveness, establishing measurement details and schedules, alliance-building with business partners, the influence of government legislation, assessing competitor sponsorships, countering competitive ambushes, creating competitive advantages, the benefits that the sponsor gets from sponsorships, reviewing past sponsorship programme performance, and a balanced sponsorship portfolio (between sport/ arts/ philanthropy/ environment).

Fahy, Farrelly, & Quester (2004) conclude that from the point of view of strategic management, sport sponsorship is seen by the companies as a potential source of competitive advantage.

As per **Koekemoer (2004)**, when setting the sponsorship objectives, the sponsors should ensure that sponsorship objectives are clearly defined and match the overall marketing objectives to ensure that they contribute to the achievement of the marketing objectives.

Further, it should be ensure that the objectives are realistic and achievable, considering aspects such as budget allocation and types of events or activities available. It is also advisable to consider external factors such as competitors' activities, their involvement in sponsorship and their sponsorship objectives. **Chaturvedi (2004)** also mentions setting of clear and measurable objectives.

Verity (2002), an organisation engaging in sponsorship may be looking at altering public perception and enhancing the brand image. **Schwaiger (2004)** feels that sponsorship provides a company the opportunity to demonstrate its corporate social responsibility.

Regarding the involvement of Senior Management / CEO in the sponsorship effort, **Farrelly, Quester & Burton (2006)** note that whether it is the President, CEO or sales manager, there is an influencer of the outcome. **Wai (2015)** also recognises the importance of presence of a defining figurehead to influence and effect the sponsorship.

Smith & Westerbeek (2007) explore the role that sport can play as a vehicle for deploying Corporate Social Responsibility. **Kim (2010)**, *inter alia*, studied the importance of financial (monetary) impact of sport sponsorship. As per **McDonnell & Moir (2013)** mention that the concept of 'fit', or brand/sponsor congruence as it is sometimes called, is of foremost importance in the use of sponsorship in the use of an integrated marketing communication medium.

The review of literature threw up several statements/items related to sport sponsorship management which are important or considered to be important from the point of view of setting of sponsorship objectives. It was not possible to consider all these statements for research. Therefore, these statements/items were discussed with academic and industry experts and suitably modified, changed and pruned. Finally, a set of sixteen statements about objective setting for sport sponsorship were included in the questionnaire. These statements are shown in Table 1.

Table 1: Statements about sport sponsorship management from the point of view of setting objectives

1	Setting clear and measureable objectives for sponsorship
2	Monetary profit due to sponsorship
3	Non-monetary gains due to sports sponsorship
4	Social responsibility objectives of sports sponsorship
5	Philanthropic aspect of sports sponsorship
6	Strengthening / altering the company image as an objective
7	Senior Management / CEO's involvement in the sponsorship effort
8	Congruence of sponsorship with the overall corporate plan
9	Utility of objective setting to measure sponsorship effectiveness.
10	Assessment of sponsorship by competitors
11	Alliance building with business/channel partners
12	Countering ambush marketing by competitors
13	Creating competitive advantages
14	Likely benefits to be derived from sponsorship
15	Performance review of previous sponsorship efforts
16	Balance between sports and other non-sports sponsorships

4. Research methodology

The data for the present study was collected with the help of a questionnaire. The questionnaire contained different sections pertaining to other aspects of use of sport sponsorship as a tool of marketing as part of a wider study. However, this paper is based on sixteen Likert-type statements about sport sponsorship management while setting the objectives. Five-point scale was used with 1 indicating 'Not important' and 5 indicating 'Very important'.

Responses received from a sample of 248 companies from all over the country were tabulated and means were calculated for the responses against each statement. This data was used to run factor analysis with SPSS to identify the underlying broad factors to group the sixteen statements.

5. Data analysis and Discussion

An attempt has been made to identify underlying constructs and make broad explanation of the data by using **factor analysis**.

As per **Field (2013: 667)**, if we measure a number of variables, or ask someone to respond to several statements, the correlation between each pair of variables or statements can be arranged in a matrix. The diagonal elements of this matrix are all ones as each variable will correlate perfectly with itself. The off-diagonal elements are correlation coefficients between pairs of variables or statements. Factor Analysis tries to achieve parsimony by explaining the maximum amount of common variance in a correlation matrix using the smallest number of explanatory constructs. In factor analysis, these '*explanatory constructs*' are known as factors, and they represent clusters of variables or statements that correlate highly with each other.

Malhotra & Dash (2009: 612) also mention the use of factor analysis to identify underlying dimensions, or factors, that explain the correlations among a set of variables. **Goldberg (1997: 369)** mentions the performance of factor analysis for the purpose of 'broad explanation of the data'.

The suitability of the sixteen statements about 'sport sponsorship management while setting the objectives' for factor analysis was checked with the help of Kaiser-Meyer-Olkin Measure of Sampling Adequacy and Bartlett's Test of Sphericity carried out by using SPSS.

Table 2: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.764
Bartlett's Test of Sphericity	Approx. Chi-Square	2189.650
	df	120
	Sig.	.000

High KMO values between 0.5 and 1.0 indicate that factor analysis is appropriate (Malhotra & Dash, 2009). It can be seen from the above table that KMO value is 0.764 which indicates that the sample data is fit for performing factor analysis. The Bartlett's Test of Sphericity should be significant ($p < 0.05$) for factor analysis to be suitable (Hair *et al.*, 1995 and Tabachnick & Fidell, 2007). It can be seen from the above table that Bartlett's Test of Sphericity has an associated p-value (Sig. in the table) of < 0.001 (by default SPSS reports p-values of less than 0.001 as 0.000). Therefore, from the above results we know that a valid factor analysis can be performed.

Principal Component Analysis with Varimax Rotation was used to extract the principal components or factors. The results have been presented in Table 3. The Eigen values greater than unity (default value in SPSS) were taken for the final selection of factors. Four components or factors were identified which together explain 67.68 per cent of the total variance.

Another approach to deciding the number of factors is to generate a scree plot. The scree plot is a two dimensional graph with factors on the x-axis and Eigen values on the y-axis. The relevant scree plot is shown in figure 1. It can be seen that the curve begins to flatten factor 5 onwards and factor 5 also has an Eigen value of less than 1. Therefore, four-factor solution was found to be appropriate.

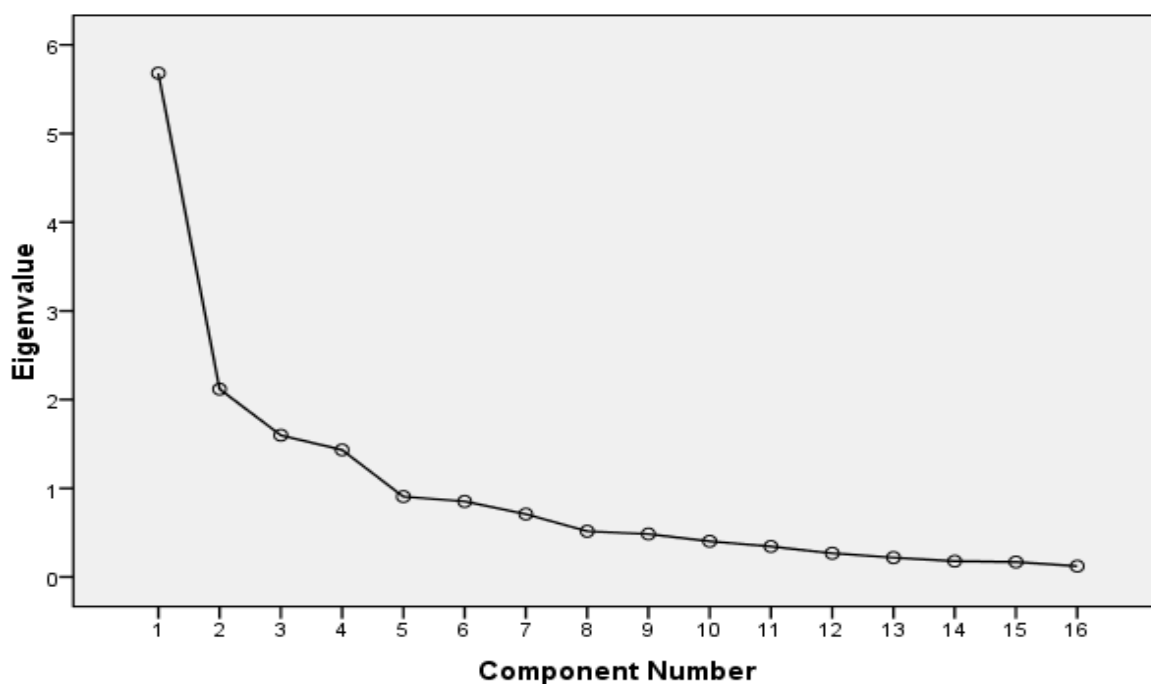


Figure 1: Scree Plot

All factor loadings less than 0.40 were suppressed (Stevens, 2009 and Field, 2013). This resulted in clean and highly interpretable solution (Sreejesh & Mohapatra, 2014). The suppression of loadings less than 0.4 and ordering variables by loading size also makes interpretation considerably easier because you don't have to scan the matrix to identify substantive loadings (Field, 2013). The communality is the variance of the observed variables that is accounted for by each factor as shown in the last column of the table. The higher communality values are considered to be better and ideally should not be less than 0.40 (Costello & Osborne, 2005).

On the basis of four factors indicated in table 4.8, extracted through Principal Component Analysis with Varimax rotation, **the following observations can be made:**

- **Factor 1** has seven statements with significant loadings ('Countering ambush marketing by competitors' is a complex variable with loadings on three factors, therefore, it was omitted). However, from practical point of view, all of them don't seem to belong to some apparent category, as far as naming of the underlying construct is concerned. But, five out of the eight statements were found among the top nine most important statements as

indicated in table 4.6. Therefore, we can loosely name this category as “**Important considerations for setting sport sponsorship objectives**”.

Table 3: Principal Component Analysis with Varimax Rotation in case of statements about sport sponsorship management considered to be most important while setting the sponsorship objectives

Statement	Factor				Communality
	1	2	3	4	
Performance review of previous sponsorship efforts	.815				.750
Creating competitive advantages	.804				.706
Likely benefits to be derived from sponsorship	.800				.708
Assessment of sponsorship by competitors	.782				.755
Strengthening / altering the company image as an objective	.739				.776
Alliance building with business/channel partners	.688	.409			.707
Balance between sports sponsorship and other non-sports sponsorships	.647				.678
Congruence of sponsorship with the overall corporate plan		.876			.680
Utility of objective setting to measure sponsorship effectiveness		.762			.535
Senior Management / CEO’s involvement in the sponsorship effort		.455			.495
Philanthropic aspect of sports sponsorship			.874		.646
Social responsibility objectives of sports sponsorship			.852		.776
Setting clear and measureable objectives for sponsorship				.707	.721
Monetary profit due to sponsorship				.702	.498
Non-monetary gains due to sports sponsorship				-.662	.516
Countering ambush marketing by competitors	.426		.418	.489	.783
Eigen Value	4.521	2.255	2.066	1.988	
% of Variance	28.26	14.09	12.91	12.42	
Cumulative Variance	28.26	42.35	55.26	67.68	

- **Factor 2** has four statements with significant loadings. Here also, from the purpose of naming the underlying construct, they don't seem to fit with each other. 'Alliance building with business/channel partners' has loading on two factors. However, it has higher loading in Factor 1, therefore, it was not considered under Factor 2. For the sake of naming, the remaining three statements can be called "**Secondary considerations for setting sport sponsorship objectives**".
- **Factor 3** with two significant loadings can be easily named as "**Philanthropic and Social responsibility aspects of sport sponsorship**". 'Countering ambush marketing by competitors' is a complex variable with loadings on three factors. Therefore, it was omitted.
- **Factor 4** has three statements with significant loadings ('Countering ambush marketing by competitors' is a complex variable with loadings on three factors, therefore, it was decided not to include it). On the face of it, monetary and non-monetary gains due to sport sponsorship and 'Setting clear and measureable objectives for sponsorship' don't seem to be related. However, at a deeper level, it can be deduced that setting clear and measurable objectives for sponsorship has natural implications for monetary and non-monetary gains expected from sport sponsorship. Therefore, Factor 4 can be named as "**Setting clear and measureable objectives for sponsorship and monetary/non-monetary gains**".

6. Conclusion

It can be seen that the companies sponsoring sports in India consider several aspects of sport sponsorship while deciding about objectives of sport sponsorship. These aspects include: Setting clear and measureable objectives for sponsorship, Monetary profit due to sponsorship, Non-monetary gains due to sports sponsorship, Social responsibility objectives of sports sponsorship, Philanthropic aspect of sports sponsorship, Strengthening / altering the

company image as an objective, Senior Management / CEO's involvement in the sponsorship effort, Congruence of sponsorship with the overall corporate plan, Utility of objective setting to measure sponsorship effectiveness, Assessment of sponsorship by competitors, Alliance building with business/channel partners, Countering ambush marketing by competitors, Creating competitive advantages, Likely benefits to be derived from sponsorship, Performance review of previous sponsorship efforts, and Balance between sports and other non-sports sponsorships.

From the data analysis and discussion in the previous section, it can be concluded that several aspects related to sport sponsorship management which are considered to be important, can be grouped under four broad factors, namely, the '*Important considerations for setting sport sponsorship objectives*', '*Secondary considerations for setting sport sponsorship objectives*', '*Philanthropic and Social responsibility aspects of sport sponsorship*', and '*Setting clear and measureable objectives for sponsorship and monetary/non-monetary gains*'.

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