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Paper: ‘Events Sponsorship: Managing a Mutually Beneficial Partnership’

Dr Marios D. SOTERIADES

Department of Tourism Industry Management, TEI of Crete, Greece, marsot@staff.teicrete.gr

Dr Christos D. SARMANIOTIS,

Department of Marketing, ATEI of Thessaloniki, Greece, xsarman@mkt.teithe.gr

Dr Stelios I. VARVARESSOS,

Department of Tourism Industry Management, TEI of Athens, Greece. E-mail: svarsos@teiath.gr

ABSTRACT

During the last two decades the events industry emerged and the corporate sector fully recognized the tourist and promotional value of events. Event sponsorship is one of the most challenging topics to be addressed by event organisers and managers. The aim of this paper is twofold: (i) to examine the main issues in the interrelationship between event organisations and sponsors, and to highlight the factors determining a mutually beneficial partnership; and (ii) to suggest a framework for efficient management of event sponsorship. The paper discusses the benefits that event organisations can attract from reciprocal partnerships with sponsors. It argues the need to develop strategies to manage event – sponsor relationships and achieve positive and enduring relationships with sponsors. Finally, it discusses the management of event sponsorship and proposes a framework for efficient management. It concludes by formulating recommendations for event managers.

Keywords: Events, Sponsors, Marketing and Financial Perspectives, Partnership, Management Framework.

INTRODUCTION

Events perform a powerful role in tourism industry. During the last two decades the events industry emerged and the corporate sector fully recognized the economic, tourist and promotional value of events (Bowdin, Allen, O’Toole, Harris, & McDonnell, 2011). Nowadays there is no doubt that the events industry is facing a series of challenges. It is estimated (e.g. Crompton, 1994; Goldblatt, 2008; Masterman, 2007) that event sponsorship is one of the most challenging topics to be addressed by event organisers / managers. Over the past decade, there has been an important increase in literature relating to sponsorship (Geldard & Sinclair, 2002; Grey & Skildum, 2003; Jeffries-Fox, 2005; Masterman, 2007; Skinner & Rukavina, 2003), indicating the increasingly significance of the topic. This paper examines the event – sponsorship interrelationship. It begins with the main stakeholders involved and a brief presentation of business perspective. In the second section the main issues of sponsorship are outlined. In the following section the partnership between event organisations and sponsors is discussed. In the forth section a framework of managing event sponsorship is presented by highlighting the policies, strategies and actions needed for successful event sponsorship. The paper concludes by formulating a series of recommendations for mutually beneficial partnership between event organisers and sponsors.

EVENTS MANAGEMENT: STAKEHOLDERS AND CORPORATE PERSPECTIVE

There is no a universal, standardized definition of events. Bowdin et al (2011, p. 17) suggest as more appropriate the definition of The Accepted Practices Exchange (APEX) Industry Glossary of terms. According to APEX, an event is ‘an organized occasion such as a meeting, convention,

exhibition, special event, gala dinner, etc. An event is often composed of several different yet related functions.’ A principle applying to all events is that they are temporary and every event is unique, stemming from the blend of management, program, setting, and people. It is no longer sufficient for an event to meet just the needs of its audience. It must also embrace a plethora of other requirements, including government regulations, media requirements, sponsors’ needs and community expectations (Andersson & Getz, 2008; Getz & Andersson, 2010). One of the main tasks of event management is to identify the range of stakeholders in an event and manage their individual needs, which will sometimes overlap and conflict (Andersson & Getz, 2008; Bowdin et al., 2011). There are various perspectives to consider events, namely government, destination, community/social, environmental, and corporate (organizers/business). Our interest focuses on the corporate /business perspective and Table 1 presents the corporate actors involved in events.

Table 1 Events – The Corporate Perspective

Corporate Actors Involved	Role & Goals
(1) Organizers: events are organized by:	
1.1. Private sector	Marketing purposes; Attractions and image makers.
1.2. Government agencies and public-private groups	To foster sports, health, or social integration; appreciation and participation; to create jobs.
1.3. Non-profit or ‘voluntary’ sector	To attract revenue and support for multiple community benefits.
(2) Sponsors and Other Partners	Provide money and grants in return for specific benefits.
(3) Customers: Audience	Marketing orientation. Pay for the event experience.

SPONSORS AND SPONSORSHIP

The last two decades have seen enormous increases in sponsorship and a corresponding change in how events are perceived by sponsors (Masterman, 2007). There has been a shift many large companies from approaching sponsorship as primarily public relations tool generating community goodwill, to regarding it as an important part of the integrated marketing communications approach. What is important is that sponsors must be seen as partners in events (Bowdin et al., 2011; Getz, 1997; Goldblatt, 2008). The International Chamber of Commerce International Code on Sponsorship (ICC, 2003, p. 2) defines sponsorship as: ‘any commercial agreement by which a sponsor, for the mutual benefits of the sponsor and sponsored party, contractually provides financing or other support in order to establish an association between the sponsor’s image, brands or products and a sponsorship property in return for rights to promote this association and/or for the granting of certain agreed direct or indirect benefits.’ (cited in Bowdin et al, 2011, p. 442). A range of trends influence the growing worldwide interest in sponsorship, including (Bowdin et al., 2011; Crompton, 1994; Getz, 1997; Shone & Parry, 2004): sociocultural factors (e.g. popularity of events as leisure experiences; growing interest in sports and arts); business (e.g. reduced firm’s promotional budget, imperative for efficiency); marketing and media (proliferation of brands; need for brand awareness; change in marketing itself with the shift to relationships; seek for effectiveness). In this context, the event managers’ task of making strategic decisions about an event’s portfolio of sponsors becomes even more critical. All these environmental trends underline the need for event managers to perform an integrated and comprehensive analysis of the sponsorship environment.

It is estimated that the role of sponsorship is twofold, namely a communication tool and a source of income (Crompton, 1994; Jeffries-Fox, 2005; Rowley & Williams, 2008), as it is briefly outlined hereafter. **Marketing perspective, sponsorship as communications tool:** Sponsorship has become a critical element in the integrated marketing communication mix of many businesses (Goldblatt, 2008). It is now a commonly used component and among the different types of tools, it is considered to be one of the most powerful media now used to communicate and form relationships with stakeholders and target markets (Grey & Skildum-Reid, 2003). Creating a successful event or gaining event sponsorship means establishing a reciprocal relationship between

the organisation providing the sponsorship and the event. However, it also means an emotional connection must be made with those consumers targeted by both the event and its sponsors (Cornwell et al., 2005; Nadav et al., 2010). This three-way relationship, which underpins the success of sponsorship, is called the 'trinity of sponsor, event and audience' (Bowdin et al 2011, p. 443-444). Sponsors use events to emotionally tie their product or service to a market segment that identifies with the event and consequently identifies with the sponsor's product. ***Financial perspective, sponsorship as source of income:*** Most organizations have to work hard to acquire necessary resources to fund their events. One of the sources of income is sponsorship (Getz, 1997; Jeffries-Fox, 2005). Sponsorship is central to the revenue and resources of events (Bowdin et al., 2011; Shone & Parry, 2004; Skinner & Rukavina, 2003). Event managers are usually actively engaged in tasks such as identifying potential sponsors, preparing sponsorship proposals and managing their ongoing relationships with sponsors. The main management task is to attain mutual benefits for both the event organiser and sponsor. It is worth stressing that the two perspectives are simultaneously true for both parties involved: (i) sponsorship is a communications tool for sponsors and a marketing variable for event organisations; it is used by both of them for marketing purposes; and (ii) sponsorship is a source of income for event organisations and an investment for sponsors. Obviously this fact constitutes a positive and favourable factor determining a common ground for mutual aims and actions, a cooperation platform within a business partnership.

EVENTS AND SPONSORS: A PARTNERSHIP

It is estimated that part of ensuring the success of the event's sponsorship strategy is in deeper understanding the range of benefits available to sponsor partners, not just the benefits to be accrued by the event (see e.g. Crompton, 1994; Nadav et al., 2010). ***Potential benefits for event organizers and sponsors:*** Sponsorships are pursued by events and purchased by corporations, media and government based on a thorough assessment of the benefits to be derived. Event managers must therefore obtain a good knowledge of the potential benefits that a sponsorship will bring to their event and their sponsors so they can customise their strategies. According to the exchange relationship between events and the sponsorship partners, as suggested by Crompton (1994), event organiser seeks: financial investment, in-kind services, marketing expertise, event brand enhancement, product and service offers for event goers. On the other hand, business seeks: increased brand awareness, brand image enhancement, product trial/service exposure, sales or hospitality opportunities, market interactivity. In a similar approach, Getz (1997) suggests the need for creating sponsorship platforms and provides a framework for understanding and developing event sponsorship. This system must be balanced and mutually beneficial to sponsors, organizers, and participants. Event managers should systematically audit their organization and events to identify and value platforms and potential benefits to offer, and then target them to either general types of sponsors or to specific companies. For many events, sponsorship brings a valuable opportunity for long-term business partnerships. However, event organisations have to fully understand the management implications (Geldard & Sinclair, 2003).

Sponsors' marketing benefits: An appreciation of the sponsorship effects on event attendees helps to understand the engagement of businesses with events. Knowledge and familiarity with a corporate or product brand, as well as attitudinal and behavioural effects have been linked with event sponsorship. The sponsor's investment assisting a festival or sport is believed to create goodwill among attendees, which in turn influences their attitude and behaviour towards the sponsor's brand (Meenagh, 2001; Roy & Cornwell, 2004; Rowley & Williams, 2008). There is an array of marketing benefits of event sponsorship gained by corporate sponsors, including (Bowdin et al., 2011; Getz, 1997): access to specific markets; corporate brand enhancement; building brand awareness; influencing consumer attitudes about a brand; improving relationships with distribution channel members; achieving product sales and merchandising opportunities; and creating goodwill and a climate of consent for an organisation's activities.

Leveraging the sponsorship investment: It is well documented that sponsorship is an investment (see e.g. Goldblatt, 2008; Jeffries-Fox, 2005; Masterman, 2007). To fully capitalise on a sponsorship investment, most business develop a leveraging strategy (i.e. adding value to the investment) or a range of marketing activities that extend the sponsorship benefits well beyond the

event's promised offer. Literature (see e.g. Cornwell et al., 2006; Gwinner & Bennet, 2007) suggests a series of factors contributing to a successful leveraging of a sponsorship, including: dedicated internal marketing strategy; intensive consumer-branding campaign; dedicated business-to-business marketing campaign; and careful analysis of the fit between the event organisation and the sponsor's market (Soteriades & Dimou, 2011). The 'fit' phenomenon leads to significant elements and results, including: good brand cohesiveness, favourable attitude towards the sponsor, high goodwill, and purchase intentions (Cornwell et al., 2006; Gwinner & Bennet, 2007). From the above discussion it is estimated that arises a need to suggest a framework for event sponsorship management.

EVENT SPONSORSHIP: A MANAGEMENT FRAMEWORK

Just as most corporate will establish a sponsorship policy to guide their decision making, Grey & Skildum-Reid (2003) strongly recommend that all events seeking sponsorship design a policy to guide their actions. A policy must lead to a strategy and the appropriate management plans. A strategy means knowing the direction in which the organisation is headed, which also applies to the event's sponsorship (Okumus, Altinay, & Chathoth, 2010; Soteriades & Dimou, 2011). Developing an event sponsorship strategy is a very important task. It will have an interactive relationship with the event's marketing strategy, and event managers have to integrate the sponsor's brand with the event's marketing plans. For event managers, this involves thinking about event attendees and the fit they might have with corporate brands. It also involves thinking about the attributes and values of the event and companies that might share those values, in other words, enhancing the fit (Bowdin et al., 2011). The steps in developing the event sponsorship strategy are: profiling the event audience (the target markets), establishing the event's offering (event's benefits offered to sponsors), building the event sponsorship list (establish a list of potential sponsors), and matching event benefits with potential sponsors (fit / mutual interest). Following to the strategy formulation is the stage of implementation. Once sponsorship has been secured with an agreement, it must be effectively managed in order to ensure that the benefits that were promised are delivered (Geldard & Sinclair, 2002; Masterman, 2007). A sponsorship management plan is essential for successful events, allowing the efficient management of marketing needs listed in the sponsorship agreement and to build a quality, long-lasting relationship with event's sponsors. Effective management of sponsorship agreements involves effective relationships between two parties, built on a strong foundation of communication, commitment and trust. In other terms, there is a need for sponsorship management plans to service sponsors, as well as for monitoring, evaluation and feedback. The latter constitutes a shared responsibility of the event and its sponsor.

Based upon the above presented analysis it appears possible to suggest a framework of reciprocally beneficial partnership between event organisations and sponsors. The starting point/cornerstone of this approach is a mutual understanding of marketing and management needs. The main steps in determining a management framework for event sponsorship are based on a rational sequence of steps (Okumus, Altinay, & Chathoth, 2010; Soteriades & Dimou, 2011) consisting of policy, strategy, and management of event sponsorship, as presented in Table 2.

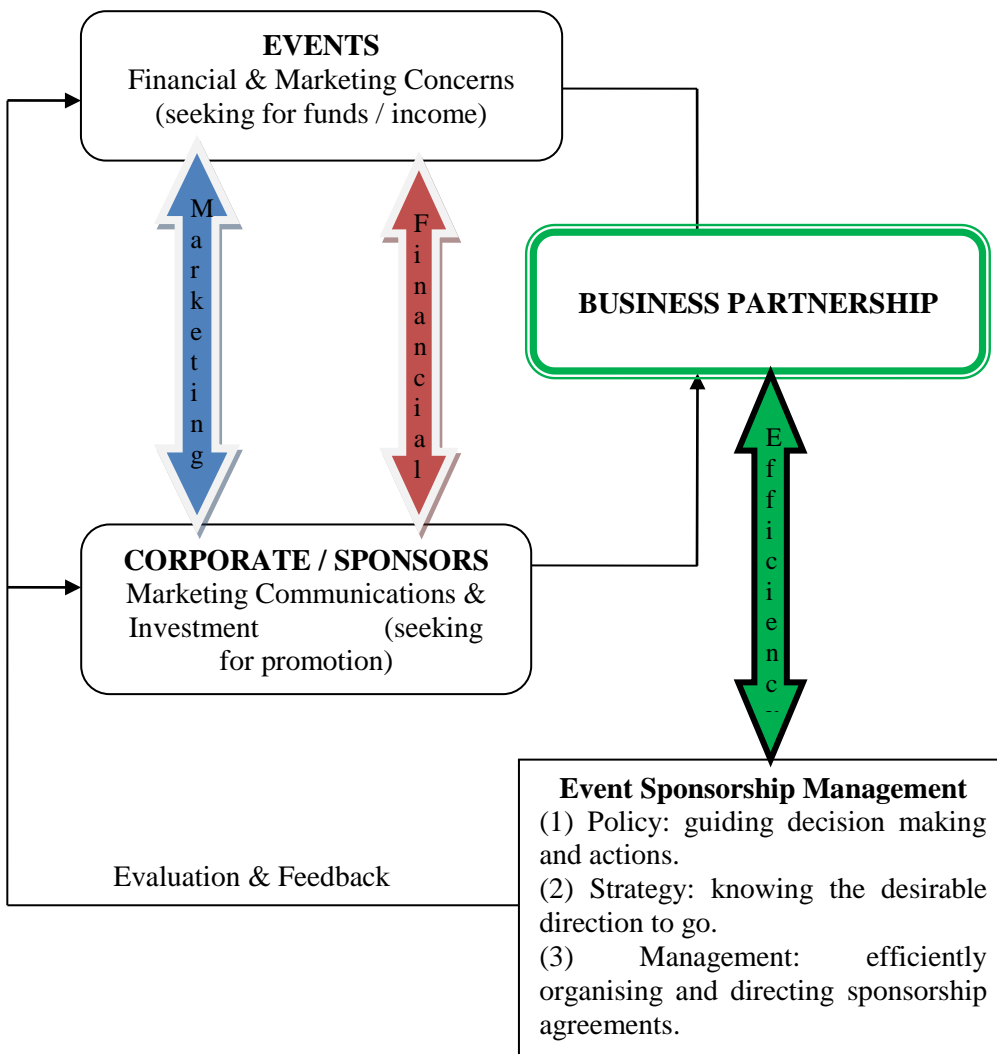
Table 2 Managing Event Sponsorship: Stages, Tasks and Outcomes

Stages	Tasks	Outcomes
1. Event sponsorship strategy formulation	1.1 Profiling the event's audience	Determine the target markets
	1.2 Establishing the offering of event	Event's assets / benefits offered to sponsors
	1.3 Building the event sponsorship list	Establish a list of potential sponsors
	1.4 Matching event's benefits with potential sponsors	Sponsorship fit / mutual interest
2. Implementation of sponsorship strategy	2.1 Preparing sponsorship proposals	Present draft proposals
	2.2 Undertaking the sponsorship screening process	Select a short list of sponsors

	2.3 Negotiating event sponsorship contracts	Sponsorship agreements
3. Managing Event Sponsorship	Effective sponsorship management of marketing needs listed in the sponsorship agreement	A sponsorship management plan to service sponsors
	Managing sponsorship relations	Implement the appropriate techniques
	Assessment of the overall impact of the partnership	Feedback on effectiveness of management Measuring the consumer-related marketing objectives set by the sponsor (i.e. consumer effects of sponsorship)

The components of the suggested framework are better illustrated into the following figure.

Figure 1 Event Sponsorship: a Management Framework



The above management framework is taking into account the key factors determining the event sponsorship's management. It equally highlights the mutual interest of both parties involved

in sponsorship and simultaneously focusing on two perspectives, marketing (event's marketing – sponsor's integrated communications) and financial (source of income for event – investment for sponsor). Obviously the event sponsorship must be effectively managed in order to ensure that: (i) the promised benefits are properly delivered; and (ii) positive and enduring relations are developed with sponsors. One of the critical tasks of management is the assessment of achieved outcomes. This involves evaluating the partnership's effectiveness and the mutual and separate contribution of sponsor and event organisation. This assessment encompasses two components to evaluation: the effectiveness of sponsorship management and a final assessment of sponsorship marketing outcomes through a market research.

CONCLUSIONS: SUMMARY AND RECOMMENDATIONS

Sponsorship is now a commonly used component of the integrated marketing communications of many organisations. From an event's perspective, sponsorship represents a significant potential source of revenue. Furthermore, sponsorships are fast becoming business partnerships that offer resources beyond money. In this paper we have explored the key issues in managing event sponsorships and provided insights in understanding the benefits for events and sponsors. Finally, the paper has proposed a framework for efficient management of event sponsorship taking into consideration the marketing and financial perspectives and the key factors determining a successful partnership. This framework illustrates the need for understanding, developing and applying a management approach for obtaining strategic benefits for event organisations and sponsors. In concluding this paper it is worth formulating a series of recommendations to event managers in order to render the business partnership mutually beneficial. A crucial issue is to understand the potential costs and benefits of sponsorship to event organizers and sponsors. It is equally necessary to build attractive sponsorship platforms into the event organization that provide sponsors with benefits linked to visibility, networking, and effective communication mix. To succeed in attracting and keeping the sponsorship agreements, event organisers must thoughtfully develop policies and strategies, providing a clear framework for both events and sponsors to decide on the appropriateness of potential partnerships. The event organisation should determine the event benefits available for sale and a clear management plan. These two elements constitute a very good starting point for seeking sponsorship partnership. Additionally, event managers have to develop a sponsorship plan including consideration of mutual benefit and risks, the 'fit' between event and sponsor. It is strongly recommended that the sponsorship proposal must be based on comprehensive research of the benefits that the event creates for potential sponsors. Relationships with sponsors should ideally be on a long-term partnership basis. Event organizations must cultivate mutually beneficial relationships and help sponsors get the most value for their investment. A balanced portfolio of sponsors should be attained and sponsors must be used to augment the event's marketing reach. Finally, the events sponsorship agreements must be properly managed so that commitments made to sponsors are met and there is a need to perform market research to demonstrate benefits to sponsors. All these elements must be components of an adequate event sponsorship management plan.

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