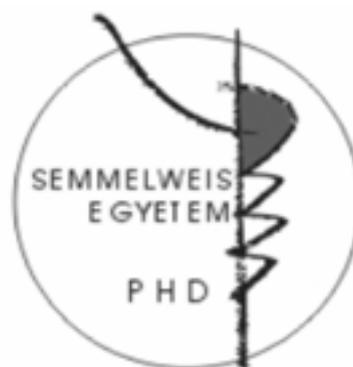


Macro-level factors affecting sport sponsorship decision-making process at Hungarian soccer clubs and soccer sponsor companies

Ph.D. thesis

Péter Berkes

Semmelweis University
Educational and Sport Sciences



Supervisor: Dr. habil. Mihály Nyerges associate professor, CSc.

Official reviewers: Dr. Péter Szegedi associate professor, Ph.D.
Dr. Róbert Frenkl professor emeritus, DSc.

President of the final exam committee: Dr. habil. János Gombocz professor, CSc.

Members of the final exam committee: Dr. József Bognár associate professor, Ph.D.
Dr. Attila Borbély associate professor, Ph.D.
Dr. István Vingender associate professor, Ph.D.

Budapest
2008.

INTRODUCTION

Professional soccer is truly an international sport and it has been growing into a large business, with an estimated market size of €12,6 billion. Over the last decades, worldwide interest in soccer sponsorship has increased dramatically in terms of media coverage, consumer interest, and corporate involvement. Most of the sport properties, mainly the soccer clubs, and their business partners view sport sponsorship as a positive medium for achieving marketing objectives. For sport properties there is increased pressure to seek corporate sponsorship support to ensure ongoing organisational viability and survival. This is certainly true in Hungarian soccer where, since the early 1990s, sponsorships have generated important revenues for clubs at all levels.

Professional soccer clubs generate a high amount of revenue through sport sponsorship. This is certainly true in Hungarian soccer where, since the late 1990s, sponsorships have generated important revenues for clubs at all levels. Since the Football League in Hungary was professionalised and became business-orientated in 1998, recently in the first league 16 clubs are competing with each other and clubs have increasingly turned to sponsorship as a means of generating revenue. Unfortunately, there are no secure sources regarding the magnitude of the Hungarian Sponsorship market, but the Hungarian spending on sponsorship programs climbed to US\$200 million. All figures for the 2005/06 season have been translated at 30 November 2006 exchange rates (1\$=206 HUN forints and 1€=255 HUN forints). The price tag on a soccer league-title sponsorship has risen to more than US\$ 2 million per year. The sponsorship costs for a Hungarian soccer club runs as high as US\$0.3 million.

The sponsorship industry is continuing to grow at an extraordinary rate. Global sponsorship spending is forecast to hit an all time high US\$33.8 billion in 2006, a 10.8% increase on the \$30.5 billion of 2005.

Soccer sponsorship has become one of the most dynamic forms of marketing, with dual benefits for both the corporations and the sport property, because soccer clearly possesses attributes, which are attractive to corporate sponsors. In addition, the image of products, services, brands can be enhanced when a company aligns itself with the positive characteristics of a soccer event or a successful soccer club. Professional soccer is truly an international sport and it has been growing into a large business, with an estimated market size of €11,6 billion. The 'big five' European Leagues – the top-tier leagues in England, France, Germany, Italy and Spain - generated revenues of €6.7 billion in 2005/06, an

impressive 8% growth on the previous year, with these five leagues accounting for 53% of the €12,6 billion European soccer market.

There are large differences between the East-European sport system (observing the principles of socialism) and Western-style businesses practice (focusing on profitability). When Western-style corporations become involved in sponsoring Hungarian sport properties, mainly soccer clubs, their capitalistic (i.e., economic profit motives) attitude conflict with Hungarian's distinct socialism (i.e., social profit motives), because Western corporations traditionally have seen sponsorship as a marketing vehicle to differentiate brands or organizations. Hungarian sport and mainly soccer previously featured a government-budget orientation (i.e. all elite sport was government funded) and it will take time to transform the driving force into a more cooperative model integrating marketing into sport. For a long time, the industry-controlled environment, with a politically influenced climate, placed Hungarian soccer clubs in non-profit positions requiring no marketing skills. While western capitalism in Hungary might seek to focus on profits, the sponsorship in Hungary must generate social gain. In fact, Hungarian soccer clubs currently are having difficulty finding new sponsors. During Hungary's economic reform, however, sport organizations were redesigned to penetrate sport marketing and to play the roles of both non-profit organizations and business entities.

When Hungary began a nationwide economic reform after the early 1990's, sport sponsorship created an appropriate way for the business community to explore new areas of marketing and for sport properties to explore new sources of revenue. Thanks to these reasons, some sport sponsorship arrangements probably are not compatible at the present time. The relatively negative attitude of corporations (based on philanthropy expectations and cost-ineffective experiences) offers two messages to soccer clubs. First, based on the ongoing changes in the marketing environment, clubs should focus more on cooperative strategy. Second, cost-effectiveness is a critical factor in influencing the sponsors' decision-making process. In addition, cost-ineffective implementation can ruin the cooperation between sport organizations and commercial entities.

OBJECTIVES

This research work was indicated by an apparent lack of comprehensive investigation and little empirical evidence emerged of the marketing orientation of sport sponsorship strategy of

the Hungarian professional soccer clubs. The primary purpose of the empirical part of our study was to evaluate the importance of certain factors that affect professional soccer sponsorship decision-making in Hungary. Such factors are: the relationships between soccer sponsorship objectives and measuring the effectiveness of soccer sponsorships. The secondary purpose of this study was to conduct a gap analysis in order to develop successful sponsorship strategies – strategies that will serve the development of sport sponsorship in Hungary.

A comprehensive overview of current sport sponsorship literature revealed that this specific research theme has not been fully examined, little empirical evidence has emerged in this field. In the literature review the arguments of a number of authors led to the conclusion that the field of sport, especially soccer sponsorship is relatively young. These views and a lack of research reports on Hungarian soccer sponsors' objectives and measurement tools led therefore to the assumption that relatively little on macro-aspects of sponsorship are known locally about the issue. No literature references or research reports were found that provide any evidence on how Hungarian professional soccer clubs' sponsors make sponsorship decisions and whether sponsorship involvement holds any measurable marketing and communication outcomes in terms of profit, market share, sales volume, return on investment and image enhancement.

As stated earlier, the Hungarian soccer and sponsorship market is a relatively new and unexplored subject of research in the field of sports sponsorship in view of the fact that most studies have focused on the major European soccer leagues so far. This paper focused on the Hungarian soccer sponsorship market, which gives a variety of comparisons to other studies on soccer sponsorship focusing on the major soccer markets. Based on the comparison, in the future, it might be able to reveal differences in soccer sponsorship between East European and Western soccer markets.

METHODS

Three research hypotheses were formulated:

- The marketing-orientated concept is used at the professional Hungarian soccer clubs and the main elements of marketing and sponsorship strategy can be identified.

- The marketing-orientated concept is used at the Hungarian soccer sponsor companies and the macro-aspects of their sponsorship strategy (objectives, ROI indicators) can be identified.
- There is a correlation between the importance of different categories of sponsorship objectives and the importance of different categories of sponsorship measurement tools (as indicated by Hungarian soccer clubs' sponsors).

The scientific research is divided into three different stages, the exploratory, the descriptive, and the explanatory stage. Our research is explanatory in nature and the method used in this study was a quantitative survey method.

The study was directed at Hungarian professional soccer clubs and the Hungarian corporations currently involved in professional soccer sponsorship.

Sampling frame: questionnaires were distributed to the all Hungarian professional soccer organisations (N=18) and their sponsors (N=103). There was no comprehensive list of Hungarian soccer sponsors, so a purposive judgement sample was drawn from the official website of the clubs. The sampling frame included companies that (a) soccer club's sponsor in Hungary, (b) reported a minimum combined sponsorship budget of \$20.000, and (c) the last selection criterion was that integrated marketing communication had to be used by sponsors. Fifty-seven (N=57) sponsor companies met all three selection criteria and the research questionnaires were administered to them. The respondents were corporate representatives of organisations such as: vice presidents, marketing directors, marketing managers, marketing research managers, advertising managers, pr managers and sponsorship managers. The original survey was carried out in the period between May 10 and July 30, 2006. Follow-up phone calls were made for 2 weeks following the original mail out. After 1 month, a second copy of the survey was sent to those who had not yet responded. The designed questionnaire was pilot tested by sport marketing and sport sponsorship specialists in various research agencies to ensure expert and content validity. The pilot study made it possible to finalise the survey questionnaire. As a result of the respondents' wording recommendations a few important modifications in the questionnaire were made.

Statistical analysis and procedures

The questionnaire tries to capture the opinions and perceptions of the respondents in terms of the importance of specified sponsorship objectives and the importance and current

level of applying of specified sport sponsorship evaluation tools. Using a Likert-type scale of 1 to 5 (1 = not important; 5 = very important; 1=always; 5=never), respondents were asked to rate the importance of sponsorship objectives and the importance and using the evaluation techniques. The questionnaire was subsequently divided into two sections. The two parts of the questionnaire include the range of sponsorship objectives that fit into the five frequently used categories of sport sponsorship (corporate, brand/product/service; sales, media coverage, and guest hospitality), and measurement tools as proposed by a framework of Heerden (2001). This framework was the most adequate for our research hypothesis, since it focuses on sponsorship in particular, and summarises the most commonly suggested objectives by various authors.

The direct relationships were tested by descriptive statistical analysis and Pearson's correlation analysis. The statistical analyses were executed by Statistics for Windows 6.0 Stat-Soft Inc. (2001). A coefficient alpha (Cronbach's alpha) test was run to ensure internal-consistency reliability of response. The significant-level was ($p \leq 0.05$), the correlation-level ($r \geq \pm 0.61$) and Cronbach alpha scores were between 0.796 and 0.610. The correlation analysis will aim to determine whether corporations who sponsor Hungarian soccer clubs indicate a link between sport sponsorship objective setting, and measurement of soccer sponsorship effectiveness.

RESULTS

With a total sample size of 57, the average age of respondents was 42,6 years. Respondents had an average of 19,2 years of working experience. A greater percentage of males (81,7%) than females (18,3%) was surveyed. 30% of the survey respondents were sponsorship managers, 25% marketing managers, 10% advertising managers, 8% pr managers, 7% vice presidents, 4% marketing directors, 3% marketing research managers and the remaining 13% of the respondents held other positions.

In the first phase of our research, the respondents were asked to rank, in order of importance, the objectives for sponsoring the Hungarian soccer clubs. The average mean at each of the categories indicate the sales objective category scored the highest value ($x=3.88$), then the product/brand/service-related objective category ($x=3.81$), then broad corporate objective category ($x=3.76$), media coverage ($x=3.7$) and last guest hospitality category ($x=3.36$). See in **Table 1**.

Table 1.

The range of sport sponsorship objectives regarded to be important by the respondents

Range of sport sponsorship objectives	Importance mean	SD
Sales objectives	3,88	0,8
Product/brand/service-related objectives	3,81	1,01
Broad corporate objectives	3,76	0,91
Media coverage	3,7	0,88
Guest hospitality	3,36	1,22

Due to the results of the average mean at each of the categories, it can be assumed that the respondents view sales- and product/brand/service-related sport sponsorship objectives as being very important.

The most important individual objectives were: promoting or enhancing corporate image ($x=4.53$), building goodwill amongst opinion formers ($x=4.43$), then increasing brand loyalty ($x=4.42$), then increasing target market awareness ($x=4.27$), gaining competitive advantage through exclusivity ($x=4.23$), then increasing long-run sales ($x=4.11$), then strengthening brand preference ($x=4.11$), then media coverage during the event ($x=4.10$), then facilitating salesforce prospecting ($x=4.09$), then target specific corporate audiences ($x=4.07$), then increasing brand awareness ($x=4.00$), and pre-event media coverage ($x=4.00$).

Consistent with past literature most companies in our sample seemed to be concerned with image enhancement. Corporate image building is considered to be the most important sport sponsorship objective among Hungarian soccer clubs' sponsors. The image attributes have high relevance in sponsorship decisions. In image sponsorship the sponsor company transfers its positive image attributes to an event or a group.

According to the research results the media-related objectives had a high priority. In case of soccer, the media value is often based on three factors, namely audience levels, total exposure, cpt- cost per thousand. Media equivalent value is often determined using cost per thousand (CPT), total exposure time, number of viewers. Brand exposure can be measured by clarity of exposure, type of exposure (e.g., board, shirt), number of exposure, total exposure time. Static boards around the pitch gave higher exposure opportunities to sponsors than rotating boards, although the level varied depending upon the venue. It is apparent that the venue does have some affect on exposure levels of boards. Sideline perimeter boards gave the highest opportunity to see. Other sources, mostly off-pitch clothing, also gave added exposure opportunities.

The second section of the questionnaire covered the range of sport sponsorship evaluation tools that the respondents considered as important. In the theoretical part of this article the main categories of evaluation were identified, but the evaluation methods were not categorised on the questionnaire to eliminate response bias. The measurement tool categories covered in the questionnaire were: behavioural measures; recognition, recall & awareness; media audits; image and attitude; brand/service/product effects. These categories are theoretically sound but to fit to Hungarian soccer sponsors to measure the desired effect they had to be specified.

Table 2 illustrates those tools that achieved a mean score of ≥ 4.0 (from importance perspective) are demonstrated: measuring the sponsored requirements in the contract ($x=4.73$), spectator figures ($x=4.55$), column centimetres in the press ($x=4.20$), sponsor's name, brand, product service recall ($x=4.14$), sponsor's name, brand, product service recognition ($x=4.12$), Return on Investment in Rand value ($x=4.11$), and finally successful integration between sponsorship and other different sponsorships ($x=4.10$). Surprisingly, the CPT-(cost per thousand of audience delivered) had relatively low importance ($x=3.14$).

Table 2.

**Sport sponsorship measurement tools in ranking order of importance
(Mean score ≥ 4.0)**

Sport sponsorship measurement tools	Importance (Mean≥ 4.0)	SD		Use	SD
Measuring the requirements of the sponsorship contract	4,73	0,58	V57	4,35	0,77
Spectator figures	4,55	0,65	V73	4,21	0,93
Column centimetres in the press	4,20	0,7	V65	3,67	1,25
Increase in sponsors' name recall	4,14	0,66	V87	3,31	1,11
Increase in sponsors' name recognition	4,12	0,77	V89	3,29	1,28
Return on Investment in Rand value	4,11	1,07	V105	3,85	1,21
Successful integration between different sponsorships	4,10	0,78	V109	3,56	1,13

The implication of a high mean score relating to “use” is important. If a measurement tool scored a high “use” mean score, it does not necessarily indicate that the particular tool is effective in measuring sponsorship effectiveness. It might indicate that it is easier to use the tool or the sponsor is more comfortable or more familiar with the particular tool. A low score “use” may be an important indication of which tools are not often used, unfamiliar to most sponsors, too difficult to use, too expensive to use, or in the past realised disappointing

results, and need to be developed. The descriptive statistical analysis reported earlier in **Table 1, 2** indicated that there are substantial differences between the importance and the utilisation of certain measurement tools.

The direct association between all individual variables is included in the five categories of sport sponsorship objectives and all the individual variables of sport sponsorship measurement tools was tested by Pearson’s Correlation analysis. As reported earlier, the sport sponsorship objectives were grouped into categories in the questionnaire. The mean score of all variables of each of the five objective categories was correlated with the mean score (importance perspective) of all sport sponsorship measurement tool variables. This analysis was aimed to determine particular sponsorship objectives that could be associated with particular evaluation methods used to measure the set objectives and the effectiveness of sponsorship. We focused those associations (“strong” correlation) between objectives and evaluation tools where (Pearson’s correlation coefficients of $r \geq \pm 0.61$ and significance of $p \leq 0.05$). A significant positive empirical link was documented in the following aspects.

Table 3 illustrates correlation between individual measurement tools and individual broad corporate sport sponsorship objectives. Image effect is considered to be one of the most important objectives companies are seeking, image-related evaluation has received considerably less attention in comparison to awareness effect. It’s essential important to identify the attributes of the property that are part of it’s core essence and focus on them. To have a positive impact on the sponsor’s brand equity, leverage those attributes of the property that it relates to or want to be associated with.

Table 3.

Correlation between individual sport sponsorship measurement tools and individual broad corporate sport sponsorship objectives

Broad corporate objectives – measurement tools	Mean	Std.Dv.	r(X,Y)	r²	T	P
Sponsorship generates competitive advantage because of reduced efficiency of traditional marketing channels	3,36	1,3618				
Measuring the requirements of the sponsorship contract	3,5455	1,4397	0,7048	0,4967	2,9805	0,0154
Sponsorship costs compared to other promotion costs	3,5755	1,4397	0,7248	0,4867	2,8805	0,0154
Promoting or enhancing corporate image	4,6945	0,6876				
Time-trend analyses of corporate image enhancement	3,7191	0,3015	0,7116	0,4523	2,7542	0,0161

Increase public awareness of the company	4,5818	0,7508	0,6266	0,4081	2,6428	0,0316
Post-event attitude surveys towards the sponsor	3,3636	1,3618				

p<=0.05; r>=±0.61; Cronbach's alpha = 0,796

Table 4 illustrates correlation between individual measurement tools and individual product/brand/service sport sponsorship objectives. Sponsor companies are also using the property to strategically link their brands with soccer. Many brands try to associate with different properties (sports, events, celebrities, etc.) to accelerate the brand building process. Through this association, the brand is able to capture or transfer some of the property's values and perceptions, sometimes in a more efficient way than through television advertising alone. This process operates in that time when the soccer sponsorship was just one element of a sponsors' complete integrated marketing strategy. Sponsorship need to be really integrated to the overall brand strategy.

Table 4.

Correlation between individual sport sponsorship measurement tools and individual product/brand/service sport sponsorship objectives

Product/brand/service objectives – measurement tools	Mean	Std.Dv.	r(X,Y)	R2	T	P
Launch new product/brand/service	3,8462	1,2142				
Increase in sponsors' name recognition	4,1538	0,8006	0,6264	0,3924	2,6653	0,0120
Increase brand loyalty	4,4222	1,3335				
Post-event attitude surveys towards the sponsor	3,3654	0,7335	0,6155	0,3444	2,1234	0,0210

p<=0.05; r>=±0.61; Cronbach's alpha = 0,652

Table 5 illustrates correlation between individual measurement tools and individual media objectives.

Table 5.**Correlation between individual sport sponsorship measurement tools and individual media coverage sport sponsorship objectives**

Media coverage – measurement tools	Mean	Std. Dv.	r(X,Y)	r2	t	P
Media coverage during the event	4,2429	0,5345				
Spectator figures	4,6714	0,6462	0,6563	0,4049	2,8571	0,0144
To get coverage in a diverse range of media	3,4857	0,9750				
CPT – cost per thousand of audience delivered	3,3429	1,4601	0,6416	0,4510	3,1400	0,0085

p<=0.05; r>=±0.61; Cronbach's alpha = 0,610

CONCLUSIONS

The Hungarian soccer sponsorship market is a relatively new and unexplored subject of research in the field of sports sponsorship in view of the fact that most studies have focused on the major European soccer leagues so far. Investigating the sponsorship strategy of professional Hungarian soccer clubs' sponsors have received little academic attention and have not been opened to academic scrutiny. This paper focused on the Hungarian soccer sponsorship market, which gives a variety of comparisons to other studies on soccer sponsorship focusing on the major soccer markets. Based on the comparison it might be able to reveal differences in sponsorship between East European and Western soccer markets. The respondents used in this study are representative of the broad Hungarian soccer clubs' sponsor population so that we could make generalisation of the results.

The main conclusion was that Western-style corporations become involved in sponsoring Hungarian soccer clubs, but their capitalistic attitude (i.e., economic profit motives) conflict with Hungarian's distinct socialism (i.e., social profit motives). Western corporations traditionally have seen sponsorship as a marketing vehicle to differentiate brands or organizations.

In Hungary sponsors are looking for sport properties that can make a valuable and quantifiable contribution to existing or planned brand communications. Hungarian sponsoring corporations should find ways to fulfill the social-development needs of soccer clubs. On international-level the movement from philanthropy to return on investment (ROI) has been well documented in the literature. Using this research results we believe that in the future more and more sport sponsorship will be based on partnership, not a philanthropic donation in Hungary.

The results of this research have implications to the sports sponsorship industry, Hungarian soccer clubs' sponsors and the sport properties too. There is a need for corporations to develop a deeper understanding of their sponsors' real objectives. This could be achieved by setting clear objectives, which will enable a more positive evaluation of sponsor investment. It also highlighted the fact that sponsor seekers need to target their efforts towards organisations which have a potential strategic fit with their offered product. Admittedly, today we know little about how stated objectives are linked to achieved results in the context of sport sponsorship. Clear and measurable sponsorship objectives enable sport marketers to select the appropriate post-event evaluation techniques to measure the return on investment. The measurement tool categories covered in the questionnaire are theoretically sound, but these methods fit to Hungarian sponsors' frame of reference.

Many of the Hungarian sponsor companies have failed to assess sponsorship's effectiveness in meeting their objectives. Substantial differences, between the importance and the utilisation of certain measurement tools, were assumed to be caused by the lack of access to measurement procedures pertaining to the particular measurement tools listed in the questionnaire. Broad corporate and product/brand/service-related objectives and media measurement tools are favoured and tools to measure cross-impact are least used.

It is generally recommended that more discussion should be generated on alternative tools or techniques that can be used to measure sponsorship performance. If a measurement tool is often used it does not necessarily indicate that the particular tool is effective in measuring sponsorship effectiveness. It might merely indicate that it is easier to use that particular tool, or the sponsor is more comfortable, or more familiar with the particular tool. Tools that are not often used, might be unfamiliar to most sponsors; are too difficult to use; are too expensive to use; have in the past realised disappointing results, and/or still need to be developed. More research is particularly needed on exact measures to evaluate sport sponsorship performance. The identified objective and mainly evaluation categories need to be further developed theoretically and practically. We could gain more reliable perspective on how sponsorship objectives are set and the evaluating methods are used to measure the effectiveness of the sponsorship investment.

In the past there has always been unfair criticism of sponsorship's inability to be measured in terms of results. In the future, this will become much clearer and individual sponsorship programmes will deliver measurable results in terms of sales and revenue figures. Therefore it can be concluded that the main objective of this research was achieved and we can accept the

earlier set research hypothesis. Our research findings were consistent with past studies conducted on soccer events.

It is our conclusion that a better understanding of sponsors' objectives and measurement tools can assist both companies and sport properties in the fulfilment of successful partnership. Hopefully, our research can be utilized to bridge the gap between theory and practice in soccer sponsorship in Hungary, where theorists and practitioners form a symbiotic relationship where joint efforts are greater than the sum of the parts. It is envisaged that this research work can stimulate more debate on developing sponsorship techniques. It's obvious that soccer sponsorship is a relevant topic that requires continuous research efforts. We hope that this study also contributes significantly to existing knowledge about the soccer business and sponsorship.