

“To investigate if sport sponsorship can remain a secure investment during uncertain economic times?”

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Plagiarism Declaration

I, Christina Hughes, declare that the attached coursework is all my own work and all references contained within it have been correctly cited and the original authors acknowledged.

Signed:

Date:

List of Abbreviations

- C.S.R. – Corporate Social Responsibility
- G.A.A. – Gaelic Athletic Association
- I.E.G – International Events Group
- U.S.A – United States of America
- W.M.G. - Wasserman Media Group

Introduction

1.1 Introduction

The use of sponsorship as a marketing tool is a sector which has seen unrivalled growth over the years with world-wide expenditure on sponsorship in 1984 of only \$2 billion increasing to \$18.1 billion in 1997 as cited by Meenaghan & Shipley (1999). This pattern of growth continued with figures released in 2007 by the International Events Group (www.sponsorship.com) showing that over \$37 billion dollars is being spent on sponsorship-linked marketing which illustrates increased sponsorship spending throughout previous research. The researcher felt that this growth may be derailed however, with the arrival of the world wide economic downturn being experienced in the previous twelve months. Therefore the researcher felt that this provides a research opportunity to conduct an extensive examination into the security of sports sponsorship as an investment at present. The arrival of the worldwide economic downturn in September 2008 (Fanning, 2009), has resulted in more scrutiny in corporations spending patterns and thus the accountability of sports sponsorship as a marketing activity must be investigated. The researcher aims to develop this to ascertain if sports sponsorship can continue to attract investment at present.

Sports marketing and sponsorship will be defined and examined to gain an insight into the background of spending in sport both historically and at present. Further research will be conducted to ascertain their potential to offer a return on investment at present during economic uncertainty. Sponsorships development has continued and is now equally accountable as any other activity in the promotional strategy in terms of returns (Leberman et al., 2005) thus its role in corporation's business strategies have developed. This will be examined to determine the role of sponsorship in an organization in terms of long term brand building and short term returns.

With many sporting organizations aiming to attract investment at present the researcher aims to determine if niche sports can compete with sports with widespread appeal in generating sponsorship revenue during and economic downturn. This will provide a research opportunity to investigate if sports organizations must market themselves in order to attract sponsors at present in terms of creating value for their sponsorship investment.

This research will be conducted in the form of a literature review of available existing research to develop the topic and gain an insight into sports sponsorship at present. Primary research will be conducted with the aid of a postal questionnaire to a sample which will represent the research population.

Title:

“To investigate if sport sponsorship can remain a secure investment during uncertain economic times?”

Research Objectives:

- To examine, if short term returns of sports sponsorship have begun to outweigh the traditional return of long term brand building.
- To investigate if there is an increase in the sponsorship of sporting events with guaranteed exposure rather than niche sporting events.
- To ascertain if during an economic downturn the cost sports sponsorship decreases.
- To reveal if the economic downturn has had an effect on organisations Corporate Social Responsibility Strategies.

The Dissertation is laid out as follows:

Chapter One: Introduction

This chapter outline of the design for the dissertation by listing the research questions and explaining the rationale for the study as well as introducing the research topic.

Chapter Two: Literature Review

This chapter contains secondary research examined by the researcher in relation to the research topic.

Firstly, the chapter defines sports marketing and sponsorship, it continues on to examine sports marketing as a marketing tool.

The chapter then examines the effectiveness of sports marketing and the development of sports marketing as a strategic resource for organizations at present.

Chapter Three: Methodology

This chapter contains an assessment of all the available research tools used in order to achieve the investigations objectives.

Both Qualitative and Quantitative research methods were used throughout the study with the different techniques also highlighted.

A postal questionnaire was circulated to 100 sporting organizations within the Republic of Ireland which got 48 responses. Another postal questionnaire was circulated to 30 companies involved in sport sponsorship at present which received 14 responses.

This chapter also highlights the approaches taken in conducting the research and data analysis.

Chapter Four: Findings and Discussions

This chapter details the findings of the primary research investigation. The findings from the postal questionnaires are presented in both written and graph form to clarify findings for the researcher.

This chapter compares knowledge discovered in the literature review and questionnaire which are contrast to examine if the findings in the secondary research conducted are similar to that of the researchers.

Chapter Five: Conclusions and Recommendations

This is the concluding chapter of the dissertation and includes the conclusions and the recommendations of the researcher from the primary and secondary research conducted.

Literature Review

Literature Review

2.1 Introduction to Literature Review

The researcher conducted a literature review to gain as much existing knowledge as possible from secondary sources such as on-line data bases, books, the internet and journals etc. With sponsorship being such a vast area obtaining and examining relevant information is crucial to a successful literature review.

Ireland's economic landscape has changed dramatically in the last twelve months affecting every aspect of the economy. This led the researcher to investigate the causes and repercussions of the economic downturn at present as she believed it was vital to generate background information to develop and understand the difficulties being felt by sporting organizations and their sponsors. The corporate and sporting worlds now become interlinked therefore, the macro economy is having a greater effect on sports teams and events than before. Thus the researcher used this background information on the current financial crisis to determine the difficulties facing both sports sponsors and those being sponsored at present to determine if sports sponsorship can remain a secure investment during uncertain economic times.

Sponsorship is an element of the vast area of sports marketing which has become a multi billion euro industry globally in the previous 20 years. Sports sponsorship investment alone reached \$43.5 billion alone in 2008 (www.sponsormap.com). This led the researcher to conduct research into the concept of sports marketing and its development. This investigation illustrates the attraction to investment in this area of marketing. The literature review also highlights sports marketing's ability to generate revenue for both the sporting organizations and investors alike using examples of stadium naming rights and broadcasting rights. Both stadium naming rights and broadcasting rights require long term investment by sponsors and investors. This can be critical in removing the financial uncertainty which many sports clubs and events are feeling at present as they are guaranteed fixed revenue over the contract time frame.

Various definitions of sponsorship will be investigated and compared during this literature review to develop a better understanding of the concept of sponsorship to allow the development

of the context of the dissertation. The role of sponsorship as a marketing tool was explored from a historical point of view to present day. The advantages of sports sponsorship in both the long and the short term were highlighted and discussed which provided the platform to investigate if corporation's requirement for short term returns of sports sponsorship at present, during an economic downturn has begun to outweigh the more traditional long term returns. The effectiveness of sports sponsorship was also investigated and compared with advertising to gain an insight into why sponsorship is attracting investment. Attracting investment at present is critical to the survival of all sports organizations and events during uncertain economic times.

Finally, the role of sports sponsorship as a strategic resource for corporations is investigated to gain an insight to why sponsors invest in sports marketing and the importance of sports sponsorship spending being included in the corporations overall business strategy. The selection of sports with guaranteed returns of investment with widespread appeal in comparison to sports with niche market appeal is also examined.

2.2 The Current Economic Downturn

The researcher felt that an examination of Ireland current economic climate was critical in her attempt to fully understand and develop the research objectives of this dissertation. Economic downturns in general lead to reduced consumer spending and therefore all organizations relying on consumer spending will find trading particularly difficult at present (Young, 2009).

A recession can be defined as "two consecutive quarters of negative economic activity" (Byrne, 2008). Ireland is currently in its first economic slump since 1986 and thus is currently experiencing uncertain economic conditions (Byrne, 2008). The scale of these economic changes taking place in only 12 months has been "breathtaking" (Fanning, 2008). In June 2008 it was announced that Ireland was in a recession which was mainly triggered by the slump in the property market and the construction sector upon which Ireland's Celtic Tiger thieved (Byrne, 2008). Ireland is not alone in this economic climate as this is truly a world-wide recession with no economy escaping difficulty (Fanning, 2008).

The collapse of well known U.S. and European companies such as Lehman Brothers, AIG and Fortis led to economic uncertainty globally with the banking system coming under increased

scrutiny (Byrne, 2008). This scrutiny highlighted the difficulties banks were having in gaining access to credit to lend to their customers (Fanning, 2008) with Libor and Euribor interest rates becoming a concern to the general public as well as bankers (Byrne, 2008). This uncertainty in the banking system manifested itself on the Irish stock exchange in particular with banking stocks going into free fall on “Black Monday” 29th September 2008 (Fanning, 2008). Irish government intervention was needed with a state guarantee needed for six Irish banking institutions in an attempt to stop the dramatic fall in value of their share and create confidence in the banking system again in order to reduce the amount of customers withdrawing their deposits (Fanning, 2008). Although this government tactic made it easier for banks to access funds share prices continued to tumble as unlike other countries Ireland did not inject fresh capital into the banking system to help them cope with the financial crisis (Fanning, 2008). With growing bad debts in the Irish banking system from the property slump 10 billion euro government capital was injected with Anglo Irish Bank being fully nationalized (Fanning, 2008).

The collapse in the world-wide economy has had an effect on corporation’s access to credit and reductions in their customer spend thus leading to close examination of all expenditure including marketing budgets. This in turn has increased the importance of sporting organizations need to highlight the value of sports sponsorship in difficult economic times in an attempt to attract and maintain sponsorship contracts (Young, 2009).

The main objective of both sides involved in sports sponsorship at present is to develop value for each other in a difficult trading environment (Young, 2009). A new emphasis on conveying to sponsors that they are receiving value at present is critical to gaining continued investment from sponsors (www.sportsbusiness.com). The economic crisis may create opportunities for organizations to become involved and associated with sport teams and events with lower investment than in previous years and with more brand control as it has become an investors market (Young, 2009). The current economic downturn can therefore have positive effect on the sports sponsorship industry by the development of partnerships and agreements that create value for all involved. The challenge facing all participants in sports sponsorship at present is to position themselves to take attract and take advantage of the sponsorship opportunities currently available (Young, 2009).

2.3 Sports Marketing Defined

Sponsorship is a major player in the sports marketing field globally at present and has become the fastest growing marketing and media channel in the last four years (www.Sponsorclick.com). Therefore the researcher believed it was imperative to examine the area of sports marketing in general before narrowing the scope of the research to sports sponsorship alone. Sports marketing is a relatively new concept and has grown from its initial introduction into the mainstream marketing arena in the late 1970's (Kelsher, 1979). It is an area of marketing only related to the marketing of sporting events and related products and services (Mullin et al., 2000). Both Shilbury et al. (1998) and Mullin et al (2000) have adapted their definitions of sports marketing from general definitions of marketing which have been published.

Mullin is a key researcher into the sports marketing field and from his research has concluded that sports marketing can “be divided into two major thrusts:”

1. The marketing of products and services directly to the users of the sport
2. The marketing of other consumer and industrial products or services through the use of sport promotions.

(Mullin et al. 1993)

Shank (1999) also did extensive research into sports marketing and defined it as “The specific application of marketing principles and processes to sport products and to the marketing of non-sports products through associations with sport.”

Mullin et al (1993), Shank (1999) and Shilbury et al. (1998) share the opinion that the complimentary aspects of sports marketing are similar, for example the marketing of sport and the marketing through sport.

The 1984 summer Olympic Games in Los Angeles is seen by many researchers as the pioneering event in turning sports marketing into a successful profit making activity (Schlossberg, 1991). From the mid 1980's onwards, the profile of sports teams and events sky rocketed leading to increased salaries of athletes and sport's promoters, increases in the costs of sport franchises and

the cost of television contracts to broadcast events (Wheeler, 1998). A combination of increased revenue and exposure of sporting events and technological developments related to sporting events has led to the popularity of sports events growing. This made it more appealing to corporations to become associated with sports and attempt to use the sport's popularity to "piggy back" the corporations brand to a wider audience (Meenaghan, 1998; Shilbury et al., 2003).

Sports' marketing is unique as sport is highly identifiable to its consumers and thus provides an ideal platform for marketing activities. Corporations have capitalized on these relationships between sports teams and their fans and have begun to use sport sponsorship as a promotional tool for their corporate interests (Mason, 1999).

Sports' marketing in the U.S. and Europe has become a billion dollar industry resulting in specialized sports marketing firms, advanced training in sports marketing and sponsorship (Amis et al. 2005). This development of sports marketing has led to its inclusion in corporation's business strategies such as their corporate social responsibility strategy. CSR strategies have increased in importance at present as gaining customer loyalty is of increased importance during an economic downturn (Zimbalist, 2009). Research conducted by Liberman et al. in 2005, supports this and concluded that commercial performance and social responsibility leads to customer loyalty.

2.4 Sponsorship Defined

The researcher felt that at this stage in the Literature Review it was crucial to introduce the concept of sponsorship to generate background research into the sponsorship as a whole in terms of a marketing strategy.

Meenaghan is one of the most published authors in Ireland when it comes to sponsorship. He has defined sponsorship as "An investment, in cash or in kind, in an activity, person or event (sponsee), in return for access to the exploitable commercial potential associated with that activity, person or event by the investor (sponsor)" (Meenaghan, 1991)

Meenaghan has highlighted through his substantial research that not all definitions of sponsorship are consistent with each other with many reflecting specific sponsors and events.

Many firms began using sponsorship as a communications tool between them and their customer base. It achieves publicity for a company and its brands within a target audience using activities that can or cannot be directly linked to the company. This indirect form of promotion allows the company's brand or name be shown at events where it is not vital to the event or the people participating in it (Meenaghan, 1991). This was further researched by Thwaites and Chadwich (2004) who highlighted the development of sponsorship into a highly flexible medium therefore making defining it very difficult.

Thwaites (1995) determined that sports sponsorship is the most popular sponsorship medium accounting of more than 75% of sponsorship revenue spends in the UK and the US, this still remains true at present (O'Mahony, 2009). He contributed this to sports sponsorship ability to high visibility of brand, extensive media coverage, ability to attract a broad cross section of the community while serving specific customer niches.

Thwaites and Chadwich (2004) has linked the increase in the use of sponsorship with the lack of investment into the development of sports by many international governments, thus sporting organisations are left with little alternative than to look towards the corporate sector of the economy for help. By the late 1980's many corporations had begun to accept the benefits which could be gained from their association with sporting teams and events through sports sponsorship (Wayne, 1998). Sponsorship at this time was defined as "A representation of buying and exploiting an association with an event or team for specific marketing purposes" Otker (1988).

Alexander (2009) defined sponsorship as "A potentially powerful method of conveying corporate an organisational identity, affecting reputations, managing stakeholder perceptions and establishing a brand promise where it lies at the heart of corporate communications." This highlights how sponsorship has now become embedded into the mindset of marketers within corporations at present. Bennett (1999) believes sponsorship is an indirect form of promotional tool used to gain publicity for a corporation to a target audience with the support of an activity not linked to and organisation's normal business.

2.5 Sports Sponsorship as a Marketing Tool

Sports Sponsorship which was first seen during the era of the Roman Empire when the Emperor sponsored chariot races has now developed into a billion dollar industry attracting huge investment and research (Lebermann et al. 2005). In recent years, business organisations have become more aware of the need to create a positive image for their business which will increase public perception of the organisation and its activities. However, a high majority of sponsorship deals historically seemed to be entered into without organizations having clear objectives or formal goals in view of the returns they hope to achieve from the sponsorship (Otker, 1988). This concept however is dated with corporations now seeing sports sponsorship as equally accountable as any other activity in the promotional strategy in terms of return on investment (Lebermann et al. 2005). In past sponsorship spending was thought to be 'soft spending' but now results are compared to competitive advertising in terms of costs, values and returns (Lebermann et al. 2005).

Sponsorship is an ideal way for organisations to build up a positive image and alter the public's perception of the organization, therefore help increase sales (Gwinner and Swanson, 2003; Amis, 2003; Cornwell et al., 2001). This increase in positive attitude towards the sponsor in turn may lead to customers considering the purchase of the sponsors product or service (Gwinner and Swanson, 2003). Amis *et al.* (1997) argued that sponsorship is a resource capable of gaining sustainable competitive advantage for a business particularly when used along with other resources available to the organization. Sponsorship which has been managed effectively has also been successful in creating brand personality and differentiation (Amis et al. 1999; Cornwell et al., 2001).

From the literature reviewed, common influences on why organisations use sponsorship as a marketing tool have become apparent. Cornwell (2000) concluded that for many companies the reason they use sponsorship is to increase the media exposure for the company. Marshall and Cook were of the opinion that sponsorship may increase a company's sales figures and build a healthy corporate image for the company (Marshall and Cook, 1992). These findings were similar to that of Varadarajan and Menon in 1988 and were both cited by Bennett (1999). Sponsorship was also found to have many other uses including attracting highly trained

employees to an organisation by perhaps supporting a cause or event which may be in line with the beliefs or the interests of future employees (Bennett, 1999). As sponsorship has begun to be seen more as a marketing tool rather than a social responsibility like it had been in the past, organisations have begun to sponsor events etc. that offer future growth potential and bottom line results (Coyle, 2009). This has put pressure on organizations to continue to stay committed to their corporate social responsibility strategy, as gaining a return on investment has come to the fore during an economic downturn (Coyle, 2009).

Thwaites (1995) which was cited by Cornwell (2000) proposed that sponsorship could help companies reach a wide range of corporate and brand objectives such as creating brand awareness a theory also supported by Cornwall (2000). Sponsorship also allows the use of an image association strategy which can associate a company's brand and name with events that will enhance the company's corporate image (McDonald, 1991).

Sports sponsorship is generally highly visible with the advantage of having the ability to attract a broad cross section of the community as well as being able to be aimed at niche markets (Sleight, 1989). Sport is such an effective tool for sponsorship as it generates a very intense fan base. This fan base is more loyal than fans for any other social activities (Zillmann and Paulus, 1993). In the past organizations found it hard to ignore this potential large diverse audience that could be exposed to an organization's brand and name through sponsorship of major sporting events such as the 1998 FIFA World Cup in 1998 which attracted a worldwide audience of 37 million viewers (Ko et al., 2008). (Lieberman, 2003) conducted a survey that found that almost 75% of corporate sport sponsors are to the main part satisfied with the return of investment in terms of sponsorship of sporting teams, individuals or events.

Much of the sports marketing literature available highlight sports sponsorships capability to increase awareness levels, sales and market share while creating opportunities to develop and nurture employee and client relations (Papadimitriou, Apostolopoulou, Dounis, 2008). These benefits do not occur automatically however and require close management of the sponsorship agreement to maintain high returns (Hoek et al., 1997).

The increase in the use of sponsorship as a cost effective way to reach target markets has been helped by many changes in the last 25 years such as the sale of broadcasting rights which

increased the available audience to the sponsor as well as the increase in the sale of stadium naming rights. This can be seen by the vast amount of expenditure organisations are willing to spend to be associated with teams, stadiums or events e.g. Aviva's €44 million investment to secure the naming rights of the new Lansdowne Road Stadium (Gallagher, 2009). The surge in the use of technology has helped to drive this change as it has made sponsorship of world-wide events financially viable as the technology has led to world-wide media developments thus leading to an increase in coverage of these events. This is highlighted by the selling of broadcast right to television, radio and online broadcasters allowing sport to gain more exposure and allows sports teams and events to reach further than international borders (Amis et al. 2005).

Society as a whole has also been changing and the increase in the standard of living has led to a society which is more leisure orientated which has therefore created more opportunities for organisations to become sponsors of events. (Meenaghan and Shipley 1999). Meenagan (1991) also found a connection in the change of many government policies affecting the use of tobacco and alcohol advertising and the influx of these organisations using sponsorship as their promotional tool. Sponsorship therefore allowed brand names of tobacco and alcohol be displayed in countries where advertising was prohibited e.g. Marlboro sponsoring the Ferrari Formula 1 Racing team during the 1990's which exposed their brand to millions of people without the use of advertising. In recent years, governments have begun to restrict the use of sponsorship by these companies, with teams or events now attempting to find other types of sponsorship (Tripodi, 2001) as cited by Gwinner and Swanson (2003). The use of sponsorship of sports teams and events has been widely seen as an effective marketing tool in the promotion of controversial products such as tobacco and alcohol products (Gwinner and Swanson, 2003).

Research conducted by Gwinner and Swanson (2003) found that there is huge benefits for small business in terms of sponsoring small regional events that will directly affect their customer base. This localized sponsorship can generate as bond between sponsor and local community thus leading to a more loyal customer base as commercial performance followed by social responsibility can lead to customer loyalty (Zimbalist, 2009).

With advertising now widespread, sponsorship provides a platform to elevate an organisation's brands and products above the advertising noise that exists (Alexander, 2009). For sponsorship to be at its most effective a strong relationship generally exists between the sponsored activity

and the sponsor (Roy and Cornwell, 1999). Tripodi (2001) concluded that this synergy between the sponsored activity and the sponsor should provide both sides of the transactions with benefits.

The continued investment by media into broadcasting rights and corporation's investment into stadium naming deals during the economic downturn has highlighted the importance of sports sponsorship as a long term brand building tool (Coyle, 2009). The importance of short term results however has also gained momentum in the last 12 months particularly in term of small and medium term business's sponsorship of sports teams and events (Coyle, 2009). This objective to "Examine if short term returns of sports sponsorship have begun to outweigh the traditional return of long term brand building" will be investigated further by conducting primary research into the objective.

2.6 Sports Sponsorship's Diversity in Revenue Generation

2.6.1 Stadium Naming Rights

Before the advent of sports marketing organisations relied solely on gate receipts to gain revenues and maintain financial sustainability (Mason, 1999). However Mason's research illustrated how this had changed from the initial era of sports marketing with revenues being earned through television and other media revenues, the sale of sports related merchandise, corporate sponsorship and stadium agreements with sponsors (Mason, 1999).

Stadium naming rights is now a global phenomenon with stadiums world-wide selling their names in lucrative sponsorship deals (O' Connor, 2009). The advent in stadium naming rights occurred in North America in 1953 with the proposed naming of the St. Louis Cardinals stadium "Budweiser Stadium" (Webb, 2006). This faced major opposition from the baseball commission in North America at the time but eventually was accepted and by the mid 1970's the Major League Baseball policy had changed and naming rights of stadiums were no longer discouraged. Examples of this include "Coors Field" in Denver and "Miller Park" in Milwaukee (Webb, 2006).

Sports stadium naming rights are not unique to North America and now have developed world wide appeal to the corporate world (O'Connor, 2009). European examples include the "Reebok Stadium" home of Bolton Wanderers Football Club and the "Emirates Stadium" home of Arsenal Football Club (O'Connor, 2009). The European record is Bayern Munich's deal with insurance giant Allianz for naming rights on their Arena. That 15-year deal is worth €89m (Webb, 2006). Stadium naming rights has now become a vital ingredient to the long term brand building of corporate investors (O'Connor, 2009).

The United States however, still attracts the most investment in terms of stadium naming rights with the "Citi Field" and "Barclays Center" both located in New York attracting sponsorship deals of \$20 million over a twenty year period (O'Connor, 2009). Although the United States is currently experiencing an economic downturn it is believed that the naming rights for the new stadium to play host to the "New York Giants" and "New York Jets" will eclipse any previous naming rights contract (Coyle, 2009). Of the 121 top teams in North America's top four sports — basketball, hockey, NFL and baseball — 83 had their home stadiums or arenas named after corporate sponsors (O'Connor, 2009).

The Cavan County Board's stadium naming deal with Kingspan, a Cavan based company in 2002 was the first high profile investment by an Irish company into an Irish Stadium (Finnerty, 2008). The renaming of the main stadium in Cavan to "Kingspan Breffni Park" brought increased revenue to the Cavan County Board as the contract was reported to be in the region of €500,000 over a ten year period. The contract also allowed increased national coverage for Kingspan thus increasing their brand value and exposure (Finnerty, 2008). Kingspan had selected their local GAA Stadium for the investment as it had a widespread appeal to their customer base and was developed as part of their corporate social responsibility strategy (www.kingspan.com). From this initial stadium renaming in 2002, more have followed with the recent announcement on 12th February 2009, of Aviva buying the rights to sponsor the new Lansdowne Road stadium in Dublin on a 10 year deal worth 44 million euro (Gallagher, 2009).

Ireland still remains relatively new to the advent of the sale of stadium naming rights with much caution being exercised before investments are made. This was shown by the F.A.I and the I.R.B. when they hired an experienced American company Wasserman Media Group (W.M.G.)

to evaluate and ultimately market the naming rights for the new stadium. W.M.G were also responsible for the deal between Arsenal FC and Emirates Airlines which combined stadium naming rights with a shirt deal thus had a proven success rate (Fanning, 2009).

The arrival of the economic downturn in September 2008 has created a renewed interest in sporting organizations attempts to gain corporate investment (Finnerty, 2008). The pursuit of corporate investment in terms of stadium naming rights has become an appealing option throughout Ireland. In Mayo, the G.A.A. stadium redevelopment is currently under construction and corporate investment has been actively perused (Finnerty, 2008). The option of selling naming rights packages to investors is an option under consideration with options to gain naming rights to the stand and the park separate a viable option to reduce the amount invested by anyone investor (Finnerty, 2008).

The requirement on the part of a new sponsor is that they are seen to be enhancing the whole experience by being part of it rather than just “sticking their name on the stadium and leaving it at that” (O’Connor, 2009). This highlights the importance of the sponsor having a well designed corporate social responsibility strategy to follow to ensure their customer base is not alienated by their investment (www.kingspan.com).

Although the F.A.I Park was never constructed on the outskirts of Dublin in the late 1990’s it is an ideal example to highlight the effectiveness of stadium naming rights as a long term brand building tool. A survey conducted in 2009 determined that 75% of respondents recalled that it was to be named the “Eircom Stadium” which illustrates the power of sports sponsorship as a marketing tool (O’Connor, 2009).

Sports with widespread appeal have the upper hand over niche appeal sports in term of the revenues gained through stadium naming rights particularly in times of an economic downturn when sponsors need more guarantees in terms of their investment returns (Gallagher, 2009). Red Bull is an exception however as in line with their branding strategy, which aims to appeal to extreme sports enthusiasts they own naming rights to arenas where these extreme sports take place. Their purchase of the naming rights of Harrison Stadium in New Jersey for their soccer team “The New York Red Bulls” is also seen as supporting a niche sport as soccer does not have widespread appeal in the United States (McDermott, 2008).

Investing in stadium naming rights comes much risk however, which was highlighted in the difficulties arising in Portugal in the aftermath of Euro 2004 (Webb, 2006). The €1bn worth of new stadia built for the Portuguese tournament are sitting almost empty, as attendances in the national league have collapsed (Webb, 2006).

Although we are currently experiencing a global economic downturn, the pursuit to gain stadium naming rights by corporations has not waned (Gallagher, 2009). Strategically, corporations are using sports sponsorship and marketing as a platform to highlight their stability and confidence at present. This is effective during uncertain economic times (O'Mahoney, 2009) as these long term investments are critical to the traditional returns of brand building as well as short term returns of increasing sales and revenues for the investing corporation (Gallagher, 2009).

2.6.2 Broadcasting Rights

Sport transcends international borders; therefore multi-national sponsorship of the correct sport can be a vital tool in descending country boundaries (Amis et al. 2005). Zimabalist, a prominent sport's economist, believes that the sports industry is more insulated against the global recession than most industries mainly due to the long term television contracts that can assure revenue for up to five years. It is hope in that time world wide economies will have recovered (Zimabalist, 2009).

Many sporting teams and events are global in nature with many sporting teams having fans worldwide such as Manchester United Football Club. The advent of the internet and global satellite television has generated mass audiences for sporting teams and events thus making sponsorship a viable form of sports marketing (Mason, 1999).

Historically economic downturns lead to more people watching sports on television in an attempt to be more economical with their money rather than attend games (Parks et al. 2007). This creates a pay off between gate revenue and increased revenue for higher television ratings (Parks et al. 2007). This increase in television viewers has made the broadcast right of many sporting events and teams a multi billion euro industry world-wide (McHale, 2007).

The English Premiership is a prime example of this with domestic deals alone raising £1.7bn (Gibson, 2009). Since 1992 the value of the Premier League rights has multiplied from £38m per year to more than £560m per annum (Kelso, 2009). Under the current deal, Sky television network paid £1.31bn for 92 live games per year with deals with the BBC for highlights and Virgin Media for online highlights also very lucrative (Gibson, 2009). Sky Sports have owed the broadcasting rights to a majority of the premiership season since 1992 and the revenue generated from this investment has allowed the clubs involved to increase their spending budgets (Kelso, 2009).

The sale of broadcasting rights by the G.A.A. in Ireland is an area that has created much debate with G.A.A. members at a “grass roots” level as the organisation proclaims the primacy of its amateur status, yet the G.A.A is very interested in making money (McHale, 2007). The G.A.A. sold its broadcasting rights for €15 million in 2007 in a three year deal with Ireland’s broadcasters (Heaney, 2009). The GAA rights were in high demand as the GAA is the largest amateur sporting organization in the world and remains the most popular sporting organization in Ireland (De Burca, 2000).

The area of broadcasting rights is playing a vital role in generating revenue and exposure for sporting organisations’ at present (Bogusz et al. 2008). This exposure also makes the sponsorship of sporting teams and events more of an attraction to potential sponsorship (McHale, 2009). During an economic downturn this is a vital in terms of attracting sponsorship and investing in teams and events with guaranteed exposure (Bogusz et al. 2008).

2.7 Measuring the effectiveness of Sports Sponsorship

The results of sponsorship effectiveness are generally unpredictable; organizations take the risk as when sponsorship is successful the results are unbeatable (Munson, 2001). Understandably companies with large amounts of revenue invested in sponsorship are now beginning to try and develop a way of measuring sponsorship effectiveness by measuring consumers’ perceptions, brand awareness and if there was enough media exposure gained through sponsorship deals (Ko et al, 2008).

The main reason for the use of sponsorship by corporations is to create purchase intentions (Gwinner & Swanson, 2003). Ko et al. conducted research in 2008, which concluded that sponsorship has the power to change consumers' attitudes positively towards a specific sponsor, which leads to purchase intentions. At present, scholars and marketers are beginning to maintain that sponsorship effectiveness or ineffectiveness should involve the relationship between the brand image and the sponsor (Tsiotsou & Alexandris, 2009).

Unlike Hoek et al. (1997) where he stated it was hard to measure effectively the link between sponsorship and purchase intentions of customer's other studies have been able to link purchase intentions and sponsorship (Erdogan & Kitchen, 1998). They found that in the U.S. any company which was involved in sponsoring the Olympic Games would not only be exposed to a massive international market, but 60% of American citizens that watched the games would buy the product if they agreed with it. Further research by Erdogan & Kitchen among the fans of the NASCAR racing industry in the U.S. concluded that of the fans surveyed 48% of them almost always purchased sponsor's products over competitor's products or services that may be similarly priced. This proves that fans that are highly identified with teams or events are more likely to show loyalty to the sponsors and use their products and services (Gwinner and Swanson, 2003). This theory was shared by McDonald (1991) who believed that individuals that are involved or interested in a certain events or teams will be biased toward the sponsorship of these events or teams and therefore in theory will buy their products and services over competitors. This theory was further researched and documented by Tsiotsou & Alexandris's in 2009. They found that when sporting fans are exposed to a sponsor of their preferred team they have a higher intension for purchasing and recommending the sponsor's products and services. This word of mouth communication about the sponsor is an extremely desired result of sponsorship and leads to greater effectiveness of the sponsorship campaign as it is a very effective communication tool to highlight the sponsor's brand and products (Tsiotsou & Alexandris, 2009). This word of mouth communication is highly cost effective method of marketing for corporations (Meenaghan, 1991; Thwaites, 1995).

Nicholls and Roslow (1999) found that sponsorship is most effective when used to target sports spectators. They believed that as the supporters are exposed to the company's brand and name during favorable conditions e.g. customers are relaxed and enjoying themselves, they are

therefore more receptive to the sponsorship message. Other research however has questioned whether the spectators may be do distracted by the sports event itself to take note of the sponsor's message and brand (Marshall and Cook, 1992).

Gwinner and Swanson's findings (2003) and McDonald's findings (1991) only hold through when talking about identified fans for sporting teams and events in comparison to fair weather fans, which are not very loyal and may be fickle when it comes to supporting a team's sponsor. It is therefore vital for companies to discover the highly identified fans and team identification levels before becoming a sponsor to increase the sponsorship campaign's effectiveness. These fans may be identified through demographic or geographical factors, cultural factors and psychological characteristics. This research into the fan base allows the sponsors to examine the volume of the fan base and determine if the size of the audience that will be exposed to the company's brand and name is large enough to achieve a return on investment of the sponsorship deal (Gwinner and Swanson, 2003).

Some companies may find time is needed to build up a trust with its fans before a return can be expected on the sponsorship deal (Meenaghan, 1991). This is especially effective when dealing with highly identified fans that may value a company's loyalty to a team or event and therefore may feel they have something in common with the sponsor and thus may have formed a relationship with the sponsor and are more likely to use the sponsors products and services. Sponsors may also look at their fan base and decide not to direct their efforts at the identified fans but instead at the more casual fair-weather fans. They usually decide to do this if they believe their identified fans are already loyal to the sponsor and therefore without any additional expense they may be able to create awareness of their brand and image to the casual supporter in order to increase sales and therefore increase the worth of the sponsorship deal for the company (Gwinner and Swanson, 2003). During an economic downturn a sponsors investment can generate a more loyal customer base as their investment is appreciated (Coyle, 2009).

Some of the research that has been carried out aims to clarify the effectiveness of some sponsorship deals especially when it comes to sponsoring large events that have multiple sponsors. This is known as "sponsorship clutter" and is an area that has risen from the rapid growth of sponsorship worldwide (Meenaghan, 1998; O'Mahoney, 2009). The studies have tried

to measure the effectiveness of sponsoring events with other sponsors and the degree in which the effectiveness decreases with the amount of sponsors involved. “Ambush Marketing” (Meenaghan, 1998) has historically caused concern with the competition to sponsor the large and successful teams and events rising dramatically.

Research has shown that many members of the public believe that sponsorship is in fact advertising (Thwaites, 1995) which makes distinguishing advertising from sponsorship critical to highlighting sponsorship’s effectiveness over advertising.

Sponsorship differs from advertising as it has unique characteristics that can be hard to recognize and implement into an organizations marketing mix. When advertising is used by an organization it can be controlled a lot more effectively than the use of sponsorship as the content of the advertisement is controlled by the advertiser (Tripodi, 2001). These advertisements usually use both image and functional appeal in order to gain the target audiences attention. This allows strategic placing of an advertisement to reach its target audience through a wide variety of mediums. Advertising focuses on the benefits a product or service provides and this in truth is its main advantage over sponsorship as sponsorship mainly just creates brand awareness (Meenaghan, 1998).

One of the main advantages sponsorship has over advertising is the cost. Advertising is a very expensive medium in comparison to sponsorship (Meenaghan, 1991) and each time an advertisement is shown it costs an organisation money in comparison to sponsorship which is usually just a once off payment. However much research has been done into the effectiveness of advertising and the results have been positive, whereas with such limited research having been done into sponsorship the results achieved from a sponsorship campaigns are not yet truly known. Meenaghan (1998) concluded that sponsorship has the potential to outperform advertising even during a worldwide recession, which is good news from companies involved in sponsorship deals at present during the current economic downturn being experienced. With the cost of advertising decreasing due to less demand in Ireland at present (Carswell & Maden, 2009) sponsorship revenues will be under pressure to attract investment.

Sponsorship can be a more effective way of getting a promotional message to the public than advertising (Liebermann et al. 2005) as advertising is usually presented amongst other

advertisements thus creating a clutter which makes it difficult to get the promotional message across. Erdogan and Kitchen (1998) agree with Crowley's view and believes that sponsorship can at times help companies avoid clutter in a cost effective way.

Tripodi purposed in 2001 that without clear defined objectives being stated at the start of a sponsorship deal it is nearly impossible to measure its effectiveness in the future a theory shared by Otker (1988). (Mastermann, 2004) suggested that using revenue changes and associated costs as being both complicated and unclear when it comes to measuring sponsorship effectiveness. They believe that study analysis should be widely used as a research tool to measure the effectiveness of sponsorship. Stipp and Schiavone (1996) concluded from their research into sponsorship effectiveness that sponsorship is a success, if it has had positive attitudinal effects on the customer base and there has been an increase in sales revenue. They highlighted that effective sponsorship campaigns lent to an impact on stock prices for a company if it was floated on the stock exchange (Stipp & Schiavone, 1996). Visibility of a campaign has also been used to measure its effectiveness as the more visible a campaign is the more people that have been exposed to it (Stipp and Schiavone, 1996).

For an organisation to gain the most from sponsorship it should be complimented with additional elements from the communication mix (Tripodi, 2001). This can be achieved with the use of additional advertising for events that are being sponsored, public relations and the use of other promotional activities. This however further increases the cost of using sponsorship. Some research has shown that there is evidence that links the effectiveness of a sponsorship campaign and the size of the budget being used (Quester and Thompson, 2001).

During an economic downturn however sponsors can face difficulties is selling their products and services to customers as they tend to have less disposable income to spend on sponsor's products (Zimbalist, 2009). This challenge can be difficult to overcome but sponsorships ability to build a brand can create purchase intensions for products and services once a recovery is seen in the economy (Fanning, 2008).

2.8 Sports Sponsorship as a Strategic Resource for Corporations

Sports sponsorship requires both a long and short term investment by the sponsor in order to be successful (Bennett, 1999). It is seen as a powerful method of highlighting a corporation's identity, affecting the reputations of their stakeholders and creating a brand image that is communicated into the public domain (Alexander, 2009). Sponsorship can be used to differentiate sponsors from their competition, as sponsorship campaigns are seen to distinguish particular brands and their attributes (Bennett, 1999). With many corporation's disillusioned with traditional media advertising channels, sports sponsorship has begun to be seen as a viable investment in terms of corporations long term brand strategies (Meenaghan, 1998; Libermann et al. 2005).

From past research conducted into sponsorship, it became seen as a strategic resource and a brand management tool. A traditional view has developed of sponsorship and advertising being similar, with sponsorship being viewed in terms of short term rather than long term horizons (Meenaghan, 1998). With many corporations in the past investing heavily into sports sponsorship without realizing sports sponsorships capabilities to create long term benefits there is an opportunity for well managed organizations to integrate sports sponsorship into their long term strategic plans (Amis et al., 1999; Zimbalist, 2009). For sports sponsorship to be at its most beneficial to the corporation it should ideally become part of the corporations overall marketing strategy as this will avoid delivering mixed signals to stakeholders (Amis, 1999; Zimbalist, 2009).

With sports sponsorship offering such potential benefits including financial and other returns corporations must be strategic in their sponsorship activities (Papadimitriou et al. 2008). Partnerships through sports sponsorship can assist a company's brand equity elements and therefore strengthen the overall value of the brand (Roy and Cornwell, 2003). Sponsorship agreements should allow the corporations needs to be met while offering the prospect of exploiting opportunities in the market place. The choice in sponsorship partnerships in which to enter can be of major concern for investors as strategic priorities for both partners must be examined and met (Papadimitriou, et al, 2008). In order to create value into the partnership a link in the corporate objectives of both partnerships is crucial in order to create value for both

members of the partnership (Papadimitriou, et al, 2008). For sports sponsorship agreements to give the greatest returns a long term commitment is needed to exploit all the returns that are available to the corporations. If this does not occur the possibility of a low return of investment becomes more likely (Papadimitriou, et al, 2008).

Sports Sponsorship's main strategic objective for a corporation is to create competitive advantage. Amis et al., 1999 concluded that this could be achieved if the sponsorship itself increases the perceived value of the product or service; the sponsorship allows the brand to differentiate from competitors while allowing new products and services to be introduced into the public domain.

Sports Sponsorship has proven to be invaluable in creating brand equity as corporations strive to build high powered and valued brands (Papadimitriou, et al, 2008; Amis, 2003). Aaker (1991) defined brand equity as "the end result of strong brand loyalty, high brand awareness, positive brand image, favorable brand associations, and the perception of superior quality".

Success on the sports field comes with greater commercial success off it for sports teams and events (Coyle, 2009). Although Ireland is currently experiencing an economic downturn, major brands are still investing in sporting teams and events such as Bank of Ireland's recently announced sponsorship deal with Leinster rugby (Coyle, 2009). Individuals are also cashing in on sponsorship investment from corporations wishing to be associated with sporting stars with David Beckham generating revenues of £15 million in 2008 from various personal sponsorship deals including Gillette and Adidas (Kelso, 2009). In Ireland at present, Pdraig Harrington gains more revenue through sponsorship than any other Irish athlete (O'Mahony, 2009).

The economic downturn has had an effect on sports with limited appeal to fans (Chadwick, 2009). In Ireland, these niche sports tend to rely on funding from the Irish Sports council as they cannot generate enough revenue from sponsorship alone (Coyle, 2009). This revenue is under threat at present as the Irish government is being forced to reduce spending to cope with the economic variable on the downturn (Coyle, 2009). This issue of niche sports attracting sponsorship at present in Ireland will be further examined during the process of conducting primary research.

2.9 Conclusion

The Literature Review provided the researcher with an opportunity to investigate the current economic climate both worldwide and in Ireland at present. This allowed the researcher to increase knowledge into the difficulties facing both sponsors and sporting organizations at present. The difficulties many corporations are experiencing in gaining access to credit has lent to increased scrutiny of all their spending. With this examination of spending being conducted, all areas must be seen to give a viable return on investment in both a long and short term time frame including sports sponsorship spending.

The defining and exploration of sports marketing and sponsorship in this literature review allowed the researcher to develop background knowledge into each topic. The benefits of sports sponsorship were highlighted and researched in order to ascertain if “short term returns of sports sponsorship have begun to outweigh the traditional return of long term brand building.” From the secondary research examined the researcher concluded that while short term returns are vital in an economic downturn in order to get return of investment, many investors at present are using sports sponsorship to portray their strength and confidence in their brand. This is further highlighted by the continued investment into long term stadium naming rights and the media’s long term investment into broadcasting rights.

Finally, sports sponsorship effectiveness and its role in a corporation’s strategy were developed. The research revealed that for sports sponsorship to be at its most effective it must be implemented as part of the corporation’s overall business strategy as well as their marketing strategy. The research highlighted that carefully managed sponsorship investment can lead to high returns for the sponsor. Sponsorship’s role in a corporations C.S.R. strategy can also improve sponsors image and customer relations which can lead to a more loyal customer base. The research also highlight the effectiveness of sports with wide spread appeal attracting sponsors in comparison to sports with niche appeal. This is a major challenge facing niche sports as they attempt to attract sponsorship in an economic environment where guaranteed return on investment has gained in importance. A theme developed throughout the literature review highlighting opportunities that are available during an economic downturn through the use of sports sponsorship. These opportunities included brand building, consumer relations, reduced

costs of sports sponsorship and increased development of partnerships to create value such as stadium naming rights. This theme conveyed to the researcher that sports sponsorship can remain a secure investment during uncertain economic times.

Research Methodology

Research Methodology

3.1 Introduction

Aim:

“To investigate if sport sponsorship can remain a secure investment during uncertain economic times?”

Objectives:

- To examine, if short term returns of sports sponsorship have begun to outweigh the traditional return of long term brand building.
- To investigate if there is an increase in the sponsorship of sporting events with guaranteed exposure rather than niche sporting events.
- To ascertain if during an economic downturn the cost sports sponsorship decreases.
- To reveal if the economic downturn has had an effect on organisations Corporate Social Responsibility Strategies.

3.2 Research Design

The research design allows the researcher to investigate the research questions using the most appropriate methodological design available. The following chapter will identify the methods of research used and why these methods were chosen.

3.3 Research Defined

There are many different definitions of research available which ultimately lead to research being a collection of information which is gathered with the aim of creating better knowledge about a subject and thus allow recommendations to be made.

Research can be defined as

“An aim to make known something previously unknown to human beings. It is to advance human knowledge, to make it more certain or better fitting..... the aim is, discovery”

(Elias 1986, p.20)

Research has many characteristics

- It is generated by a specific hypothesis and research questions.
- It must follow a process.
- It leads to the interpretation of facts to reach a conclusion.
- It aims to advance previous knowledge.

(Leddy, 1985; Walliman, 2002)

3.4 Methodology Defined

The methodology section of a research project is the area which guides the researcher in methods which can be used to gain the required information to answer the research questions.

Methodology has been defined as:

“A methodology is a model which entails theoretical principals as well as a framework that provides guidelines about how research is done in the context of a particular paradigm. Methods refer to the tools or instruments employed by researchers to gather empirical evidence or to analysis.”

(Sarantakos, 1998, p.32)

Methodology can also be simply defined as:

“The overall framework within which the research is conducted”

(Gratton and Jones, 2004)

3.5 Selection of Research Methodology

The methodology selected by the researcher to investigate the research objectives involved the use of secondary data in the development of an extensive review of existing literature which is represented in the Literature Review. A postal questionnaire was selected as the method of gathering primary research in relation to the research objectives as the researcher felt that this method would generate the most data from a wide sample. This method provided the researcher with both qualitative and quantitative data to be used to investigate the research objectives of the dissertation.

This primary and secondary research lent to an intensive investigation into sports sponsorship past and present, thus allowing the researcher to gain knowledge in order to offer educated recommendations and draw conclusions. This was particularly important as the landscape of the world economy has changed drastically in the previous 12 months thus new research was needed into the role of sports sponsorship during an economic downturn.

3.6 Qualitative Research

Qualitative research revolves around the collection and analysis of a variety of empirical materials such as interviews, questionnaires, visual texts, participant observation and personal experiences. Therefore it provides a non numerical understanding of the researcher's findings. Smaller samples are used than in quantitative research which leads to rich subjective data. Its main aim is to try and capture qualities that are not quantifiable.

(Gratton & Jones, 2004 pp: 22-24)

Qualitative research is an invaluable tool used by the researcher in investigating the research problem. The very nature of this research allows the researcher direct contact with respondents and thus allow the possibility of gaining the exact information needed to help answer the research problem. The interaction with respondents may also open the researchers mind into other issues which they may not have been previously aware off. Its flexibility therefore is the key to making it an effective research method.

Although qualitative research has many advantages it also can be very difficult to conduct and coordinate. The main disadvantage is that this type of research is very time consuming to

conduct and can run the risk of collecting meaningfulness and excess information. Unless meticulously planned it can also be a difficult tool to use when evaluating existing ideas that have been previously researched. With the results being based on the responses of respondents of interviews, questionnaires, focus groups etc. the conclusions reached can be unreliable predictors of the population. Problems may also develop for the researcher when attempting to generalise qualitative research results as they may be difficult to represent in the research document.

Applying qualitative research techniques to sports marketing is underutilised (Smith and Stewart, 2001). This may be due to the lack of transparency and conciseness of qualitative data. Sport traditionally is more associated with statistics and charts (Gratton & Jones, 2004 pp: 23) which may explain why there may be reluctance in sports marketing to use qualitative methods in attaining deep or elusive information that may be useful to marketing. Qualitative techniques allow for the emergence of the motivations, views and perceptions of both sports customers and marketers alike (Smith & Stewart, 2001).

3.7 Quantitative Research

This type of research leads to precise, accurate and specific results gained from the analysis of the information gained using numerical measurements. When quantitative research is being conducted the researcher takes a passive or detached role during the data collection process which is in contrast to the role the researcher plays in conducting qualitative research.

The results of quantitative research are projected to the population with the proportion of respondents answering in a specific way are similar to the answers of the total population. Therefore, it assumes a social reality is constant across different variables. The results are statistically reliable and can determine if concepts, products, packages etc are better than the alternative. This type of research allows the researcher to control and measure the variables affecting the research population.

One of the main downfalls of quantitative research is the lack of flexibility available to the researcher as issues can only be investigated if they are known prior to the beginning of the population survey. Thus it can only be used at the end stage of research with initial knowledge

and planning required before surveys, questionnaires, observations, experiments etc. can be carried out. Because of this unique characteristics of individual cases are not taken into account.

(Gratton & Jones, 2004 pp: 22-24)

3.8 Qualitative Research versus Quantitative research

The researcher concluded that a mixture of qualitative and quantitative research techniques would be used in order to answer the research question to the best of the researcher's ability. Although quantitative research often ignores the human aspect of the study, it provides support to the qualitative research conducted (Gratton & Jones, 2004, p25).

Qualitative research also offers the researcher an opportunity to develop the values, beliefs and behaviours of sports sponsor and gain information which may lead to determining the motives and needs of the sports sponsor.

3.9 Secondary Research

This is generally the first stage used in data collection and is concerned with collecting pre-existing research and information.

“A secondary source is something written about a primary source. Secondary sources include comments on, interpretations of, or discussions about the original material.”

(www.ithaca.edu)

The purpose of secondary research is to determine which method of primary research will be most suitable to gain relevant information to answer the research problem. From this the researcher decided that in dept interviews would be used to gain relevant information for the research problem. All relevant secondary information gathered throughout the research process will be assessed and evaluated in the research project with secondary research providing the information for the extensive review of literature.

3.10 Primary Research

Primary research involves the collection of original data that is specific to the research problem (Gratton & Jones, 2004 pp: 22-24).

“A primary source is an original object or document- the raw material or first-hand information. Primary sources include historical and legal documents, eye witness accounts, results of an experiment, statistical data, pieces of creative writing, and art objectives”.

(www.ithaca.edu)

3.11 The Literature Review

The first stage of completing a research report involves the researcher becoming knowledgeable in their chosen subject. It is an essential task when conducting all research. It involves understanding pre-existing concepts, relevant theories and the results of past research into your chosen topic which has been previously documented. It also gives an insight into research designs used previously and highlights gaps in the literature which may be worth investigating. The literature review also allows the researcher to compare the findings of other research that has been conducted in the area of sports sponsorship (Gratton & Jones, 2004 pp: 51-52).

The literature review conducted by the researcher used the following sources:

- Journals
- Books
- National Newspapers
- Library Catalogues
- Search engines

The Literature Review will investigate the background into the current economic downturn, thus allowing the researcher to gain knowledge into the renewed emphasis on spending cuts by corporations as well as the importance of guaranteed investment.

It is hoped the literature review will provide the researcher with findings in regard to corporations need for short term returns such as sales, increased revenues, stock prices etc. versus long term returns of brand building. The literature review will also examine corporation's

sponsorship of niche sporting teams and events in comparison to those with wide spread appeal during an economic downturn.

Finally, the literature review will examine sports sponsorship as part of a corporation's strategy. This will allow the exploration into sports sponsorships as long term investments sponsors while examining its integration into an organisation's C.S.R. strategy.

3.11.1 Limitations of Literature Review

Since September 2008, the world wide economy has experienced unprecedented changes. With these changes much of the literature was dated and thus the gathering and analysis of relevant up to date data in terms of the economy was an ongoing process of conducting the literature review. Much of the data available highlighted sports sponsorship primary role remaining long term brand building rather than short term results. This prompted the research to develop this theory further whilst conducting her primary research.

A majority of sports sponsorship contracts are long term thus the true effects of the economic crisis has yet to be seen as many of these contracts have yet to be renegotiated. The researcher felt that this may have hidden the true effect of how sports sponsorship is being affected by the economic downturn.

Much of the literature available concentrated on sports with wide spread appeal with international sponsors rather than those of niche appeal. The researcher felt that there was a gap in the literature to develop the effects that niche sports are experiencing at present during uncertain economic times with reduced sponsorship spending. The researcher concluded that this topic will be investigated further in the primary research.

3:12 Questionnaires

Questionnaires are widely used in sports related research at present as they allow research be carried out over a large sample.

They can be defined as

“A standardised set of questions to gain information from as subject”

(Gratton & Jones, 2004 p: 115)

They are associated with quantitative design methods which the researcher felt would compliment her qualitative research. The researchers determined a postal questionnaire would be the most appropriate due to the time constraints and the sample involved as it would allow a larger geographical reach while gaining and insight from a large sample.

Questionnaires are cheap and flexible while allowing the participants complete it at their own pace therefore removing the possibility of interviewer bias. Questionnaires may also lead to more honesty in respondents as there is anonymity in their responses. A well designed questionnaire allows the guaranteed return of structured data which is vital for the research problem (Gratton & Jones, 2004 p: 117).

Postal questionnaires have disadvantages, which can make getting a response from the entire sample difficult. The questionnaire must be carefully structured to avoid respondent's inability to understand the questions and therefore be unable to answer the question. With the questionnaire being completed privately there is no opportunity to probe the respondent to develop thoughts they may have on the subject (Gratton & Jones, 2004 p. 118).

3:13 Conducting the Postal Questionnaire

As previously mentioned the researcher decided that a postal questionnaire was most suited to the research needs of the dissertation, as it would allow the researcher gain information from a large sample whilst providing the information required in the investigation of the research objectives. The questionnaire was designed to be easily understood, while being quick for the respondents to complete. It was also critical that the responses could be easily examined allowing conclusions to be drawn in a speedy fashion due to time constraints by the researcher.

3.13.1 Selection of Sample

The first stage the researcher used in the selection of her sample was to determine the population size of sporting clubs in Ireland at present. It was decided that 6 organisations would account for the population of the research being conducted as they possess characteristics that are of interest to the researcher. In total the research population of interest to the researcher was 3676 sporting clubs which was divided as follows:

- 1600 G.A.A. clubs (www.gaa.ie)
- 927 soccer clubs (www.soccer-ireland.com)
- 302 camogie clubs (www.camogie.ie)
- 165 boxing clubs (www.local-clubsireland.com/boxing)
- 279 athletics clubs (www.athleticsireland.ie)
- 201 rugby clubs (www.irishrugby.ie)
- 202 badminton clubs (www.bandmintonireland.com)

The researcher then determined her sampling method with the aim of producing a sample that would fairly represent the research population. Four sampling techniques were considered:

1. Random Sampling – where every member of the population has equal probability of selection.
2. Stratified random sampling – where subgroups of the population, such as niche sports, are adequately represented in the final sample.
3. Cluster sampling – where groups rather than individuals are randomly selected.
4. Systematic sampling – where a system is developed to choose sample.

(Gratton & Jones, 2004 p. 101- 102)

The researcher chose the stratified random sampling technique as she believed would be the best method to gain the required information from the research population. This ensured niche sports were fairly represented in order to meet the outlined research objectives.

A sample can never provide the precise answer from the research population merely suggest the range within which the wider population is likely to be (Gratton & Jones, 2004 p105). Therefore the researcher decided to use a sample of 100 sporting clubs with equal geographical coverage within the Republic of Ireland. This sample included clubs from both urban and rural areas in order to attempt to gain results that are representative of the research population. Varying clubs were selected as part of the sample that would represent all sports within the research population in order to ascertain more complete results. Clubs of different sizes and financial situations were selected to develop the objective “to investigate if there is an increase in the sponsorship of sporting events with guaranteed exposure rather than niche sporting events.” Different financial

situations also affect strategies being imposed thus may have an impact on the return on investment wishing to be gained through sports sponsorship.

Of the 100 questionnaires distributed on the 1st of June, 48 were returned completed by August 3rd. A near 50% response rate was deemed a success by the researcher. The sample which responded was then further examined to determine if a non response bias had occurred. The researcher ascertained that there was a spread in the sample responses with both urban and rural clubs represented, with a large geographical spread containing both niche and widespread sports clubs. The researcher felt the information gained via the postal questionnaire would therefore provide a representation of the research population. As the sample responses were deemed to represent the range of the sample population the researcher decided not to distribute follow up letters to those who had not responded as there were time limitations to the completion of the research document.

A further questionnaire was developed and distributed by the researcher to be sent to businesses that had a known connection with sports sponsorship within the Republic of Ireland. The researcher developed this questionnaire as she felt it would provide relevant information in terms of how corporate Ireland has been affected by the economic downturn specifically in terms of their investment into sports sponsorship. The researcher had conducted research into sponsors of sports teams nationally and locally in order to determine the population and selected the sample of 30 businesses. This aimed to provide valuable information in regards to sponsorship motivation and costs during the economic downturn at present.

3.14 Question Selection

Designing the questionnaire took considerably more time than anticipated by the researcher as each question must have a specific purpose and relevance to the research topic. The questionnaire provided the researcher with a one off chance to gain information. Finding the correct mixture of questions to satisfy the researcher's needs was exceptionally difficult. Each question was thoroughly examined in order to ascertain would the results from the answers be easy to interpret during the analysis process. The temptation to include questions for general fact gathering was also difficult as although the facts gathered may have been interesting they would not be uniquely relevant to the research topic.

From the research conducted into questionnaire design, three questions were highlighted to be answered before each question was constructed. They were:

1. What information do I need to answer the research question?
2. What questions can I ask that will provide me with data that will, when analysed, give me such information?
3. How am I going to analyse the data that I get from such questions to give me the answers to my research questions?

(Gratton & Jones, 2004 p: 119)

The type of questions to be asked also needed much thought as there were many options available to the researcher:

- Opened and closed questions
- Scales
- Ranking
- List questions

Once the questionnaire was design the researcher conducted a pilot questionnaire among 10 respondents to critique the value of the questionnaire to the research and the analysis that needed to be conducted.

The questionnaire can be found in the Appendix section of this research document.

3.15 Maximizing Questionnaire Response Rate

In order to maximize the response rate the researcher included a cover letter with the questionnaire introducing the researcher, their position, the research programme and why the research is being undertaken. At this stage, it is crucial to state why the respondent has been chosen to take part in the questionnaire and to stress the anonymity for respondents.

The method of return is also vital with the researcher enclosing a stamped address envelope to help encourage the completed return of the questionnaire.

3.16 Data Analysis

Data alone cannot provide the conclusions to research, it must be interpreted, organised and analysed (Gratton & Jones, 2004 p.192). The data must be analysed so it can be used to answer the research problem. Ideally, the researcher should have a working knowledge of analysis techniques; however with time and resource limitations the researcher has only a working knowledge of descriptive statistics and inferential statistics. This knowledge allowed the researcher to interpret research conducted by conducting her own analysis.

The report of the results from the statistics is only the first stage in the analysis process with a greater emphasis needed on the interpretation of these statistics and how they are related to the research objectives (Gratton & Jones, 2004 p.193).

Conclusions from the research were reached by the researcher from the findings uncovered through the extensive research being carried out throughout the research process. The findings were compared to previous studies and research in order to ascertain if common conclusions were being drawn from similar research.

3.17 Research Limitations

The researcher encountered many problems and constraints during the research and analysis of the dissertation.

Firstly, the researcher encountered difficulty gaining information on sports sponsorship in general which was up to date. This was particularly highlighted by the lack of research available on sports sponsorship during an economic downturn which has come into focus in the last twelve months. Sports sponsorship is generally a long term investment thus many respondents had yet to be effected by the economic downturn as their sponsorship contracts had been negotiated prior to the arrival of the recession.

Secondly, qualitative research was particularly time consuming for the research, which limited the amount of research which could be carried out.

Lastly, with economic conditions being so difficult at present, sport clubs and organisations as well as their sponsors are facing difficult times. The researcher felt that many respondents were

not comfortable answering questions about their budgets etc. as they may have been in previous years.

Findings & Discussions

Findings and Discussion

4.1 Introduction

On concluding the primary research, the researcher analyzed the data which was gathered via both questionnaires which were conducted. From this analysis findings were generated.

The process of analysis was time consuming and involved the transcription of the questionnaires and the interviews. The questionnaires were then analyzed several times involving comparing and contrasting answers as well as the sports and the sponsors involved. The researcher felt the use of diagrams during this stage of the research document would greatly benefit in highlighting the findings to the reader.

4.2 Analysis of the Questionnaires

As the researcher conducted two separate questionnaires, of which each was firstly analysed independently. This allowed the researcher time to totally develop the findings of each questionnaire on its own merit. Once this was completed the researcher studied both questionnaire results simultaneously in order to develop coloration between the results of each and compare and contrast the answers of the sponsor and the sponsored. The researcher believed this method would lead to a greater understanding of the results and lead to more accurate conclusions being developed.

4.2.1 Analysis of Sporting Organisation's Questionnaire

Upon commencing this part of the research the researcher decided in order to gain a total insight into sports sponsorship at present in the Republic of Ireland. The postal questionnaire sample was selected to provide a range in the research population therefore different types of sporting organizations were chosen in the sample.

Question 1: How would you classify your organization?

From the respondents of the questionnaire the results are highlighted in Fig 1.1.

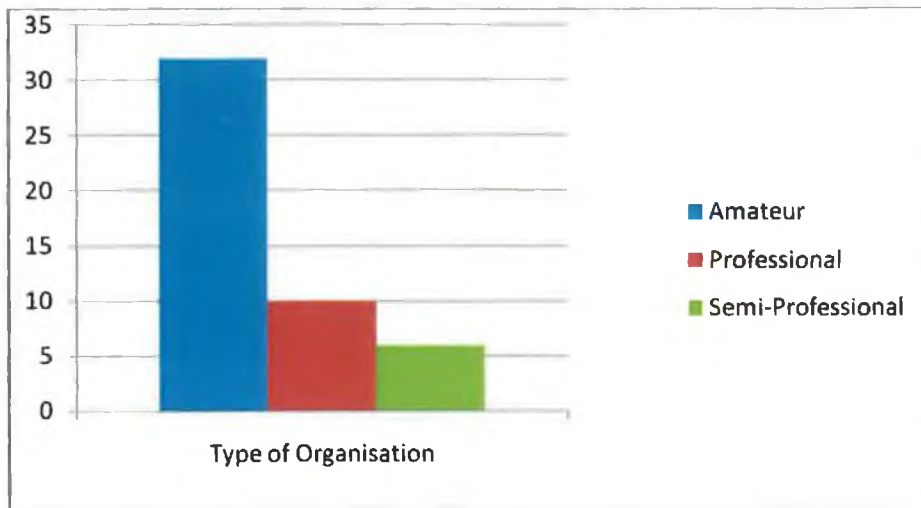


Fig 1.1

This question was designed to develop an understanding of the sample that was being analysed. Although the number of amateur organization responses far outweighed the semi- professional and professional organizations the researcher was not surprised. This is mainly due to the type of sporting organizations existing in the Republic of Ireland in particular the G.A.A which is the largest amateur sporting organization in the world (De Burca, 2000) and the limited number of professional sports teams in Ireland (Coyle, 2009). The researcher was however pleased to get respondents from professional and semi professional teams as she believed this would give more overall consistent results with sports sponsorship in the Republic of Ireland at present. Examples of the responses of were:

- Professional Club – Connacht Rugby
- Semi- Professional Club – Bray Wanderers Football Club
- Amateur Club – Corofin GAA Club

Question 2: How would you classify organizations appeal?

The results from this question allowed the researcher to develop an insight into the sports involved and their general appeal. This question was developed to help the researcher examine and draw conclusions on one of the main objectives of this research document. This was “To investigate if there is an increase in the sponsorship of sporting events with guaranteed exposure rather than niche sporting events”. The results from this question were used along with other

research conducted to develop conclusions and findings of sports sponsorship in Ireland at present. As previously researched in the review of literature, sponsorship can be involved in both niche and widespread sporting organisations (Sleight, 1989).

This question also allowed respondents state the sport they were involved in to develop an overall picture of the sports involved in the research. This is illustrated in Fig 1.2

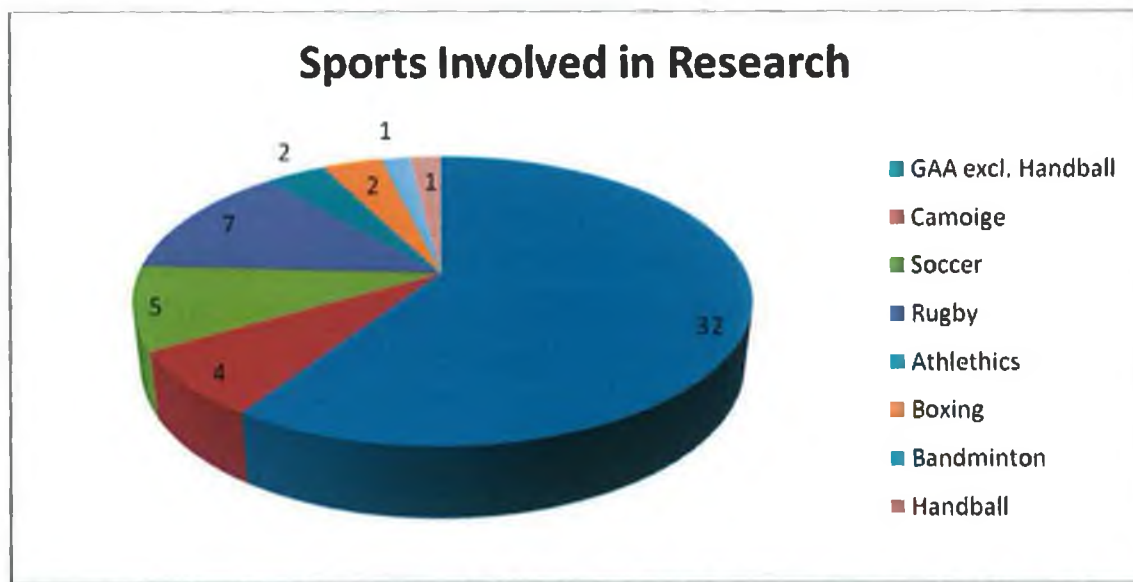


Fig 1.2

Question 4: What type of sponsorship is the organization currently receiving?

This question was aimed to get background and general information about the types of sponsorship that is being given to sports organizations throughout the Republic of Ireland. Many organizations received more than one type of sponsorship often from different sources. The researcher had already come across this phenomenon whilst conducting her review of literature. Payne, 1991; Meenaghan, 1996 and Pryor, 1999 all highlighted the development of “Sponsorship Clutter” where events and teams have more than one sponsor. This highlighted to the researcher the importance of conducting secondary researcher on research documents in order to have knowledge of existing findings.

The type of sponsorship being received by sports organizations can be seen in Fig 1.3

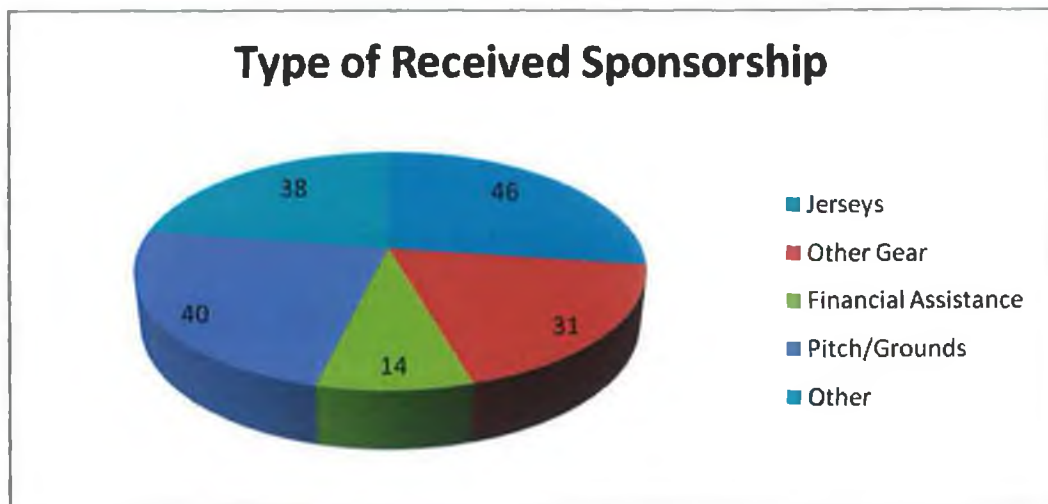


Fig 1.3

Of the 48 respondents, sports clothing and equipment were the main source of sponsorship received. This was to be expected as a majority of sporting teams have sponsors displayed on their clothing during games. The findings involving the sponsorship of grounds and pitches was not a surprise to the researcher for sponsors names can be seen around the pitch and grounds throughout the country. As previously highlighted in the review of literature, sponsorship of stadiums is increasing in popularity e.g. The Aviva Stadium in Dublin and Kingspan Breffni Park in Cavan. This sponsorship of stadiums and playing arena's is a long term brand building exercise and are usually entered into with long term goals of brand building the main objective (Webb, 2006).

Many sporting organizations received financial sponsorship where they were given money to invest in the organization. In a majority of these cases from the respondents this funding came in the form of the National Lottery. Another type of sponsorship which was highlighted by respondents is the sponsorship of after match meals, buses, drinks for during training etc. This type of sponsorship often goes un-noticed to the public but is critical for the survival of the sporting organization. This type of sponsorship can create short term results in terms of players and supporters using the sponsor's products and services and over time can be critical in generating a loyal customer base from their corporate success and their social responsibility (Libermann et al. 2005).

Question 5: Has the current economic climate had an effect on the level of sponsorship received?

This question was developed to ascertain if the economic downturn was having an effect on the sponsorship of sporting organizations at present in Ireland. The researcher had not gained any information on this in her Literature review but believed it was relevant to develop the investigation of the topic “If sport sponsorship can remain a secure investment during uncertain economic times?” It was hoped the results from this question would highlight the level of sponsorship being received at present and compare it with past experiences when the economy was in a “boom”.

From the 48 questionnaire respondents, 36 believed the current economic climate had an effect on sponsorship levels while 12 saw no change. 3 of the respondents who did not object to their identity being known provided their opinion on why sponsorship had been affected by the economic downturn:

- Salthill Devon Football Club believed sponsors finding it difficult to survive currently therefore less sponsorship investment.
- Fingallians Athletic Club in Swords admitted difficulty attracting sponsorship.
- Connacht Rugby Club felt lack of confidence and volatility in the economy at present, creating fear in sponsors to invest long term.

The three respondents above opinions highlight the struggle many sporting teams and events are facing at present and in order to survive will have to change with the market conditions and differentiate their clubs to attract investment. The changing economic conditions requires both sponsors and sporting teams alike to change their objectives to sponsorship in order to maintain continued investment (O’Mahony, 2009).

Question 6: Are sponsors currently aiming to get more of a return from their investment than in previous year’s e.g. Increase in brand exposure?

From the secondary research conducted the researcher was aware that sponsorship was an ideal tool to differentiate a sponsors brand from their competitors (Dolphin, 2003), generate media exposure (Cornwell, 2000) and increase sales (Marshall & Cook, 1992). With the economy

currently in a downturn the researcher felt that sponsors may become more concern with getting a return for their investments. This question was designed to therefore get direct evidence from the respondents to prove her theory.

Of the 48 respondents:

- Yes = 32
- No = 14

With 32 respondents sponsors becoming more concerned with their return on investment than in previous years it highlighted that sponsorship at present must be proven to give a return on investment. The researcher felt the design of her postal questionnaire was flawed in terms of this question. Amateur organizations may find answering this difficult, as many local amateur organization's sponsors were not as financially invested into gaining returns as sponsors of professional teams which may have more revenue invested. The questionnaire was piloted with a professional club therefore the researcher did not foresee this error until responses were gathered.

The researcher reanalyzed the data only using responses from semi- professional and professional clubs. This left the researcher of a sample of 15 for this question.

Areas which respondents commonly highlighted sponsors renewed interest in their investment are:

- Connacht Rugby highlighted sponsors requiring more visibility of sponsors brand
- Bohemians Football Club were increase media coverage of team and sponsor
- Another professional club stated that sponsor was demanding more control in matters such as gear selection such as where sponsors logo is displayed.

Question 7: Has the organization changed their sponsorship costs in light of the economic downturn at present?

75% of respondent admitted to decreasing the cost of sponsorship being asked for in the previous 12 months. With the economy on the grips of a recession this was not surprising to the researcher. With deflation reaching 5.9% in July 2009 (Labanyi, 2009) the cost of many areas in the economy are falling with sponsorship being no exception.

When asked the reasons for the reduction in costs, common responses included:

- Deflation – reduction in cost of supplying sporting equipment etc.
- Reducing costs to attract sponsors as there is increased competition to gain sponsorship at present
- Increase in multiple sponsors for events/ organizations (sponsorship clusters) reduces costs for individual sponsor.

Many sponsorship deals have been entered into by sponsors in long term agreements. 25% of the sample is currently in long term sponsorship contracts which had been negotiated prior Ireland's economy going into recession in June 2008 (Fanning, 2008). These 25% of the sample therefore had noticed no change in their sponsorship income during the last twelve months.

Question 8: In your personal experience, have you noticed a decline in the emphasis on business organization's Corporate Social Responsibility strategies amongst you sponsors at present?

In the height of Ireland's economic boom, Corporate Social Responsibility Strategies became a must for many business organizations. With the arrival of the global downturn in September 2008, the researcher aimed to investigate if Corporate Social Responsibility Strategies were being followed and invested into as in previous years. This question was designed to help the researcher gain an insight into an objective set out at the beginning of this research document "To reveal if the economic downturn has had an effect on organisations Corporate Social Responsibility Strategies."

With results being similar reasons for both replies were examined. Respondents that answered Yes to a decline in the emphasis on C.S.R. strategies gave reasons such as:

- Business organisations fighting for survival in difficult economic conditions do not have the finance to invest in C.S.R. Strategies at present therefore reduction in sponsorship spend
- Business organisations do not want to be seen to be spending excessively especially if making cutbacks elsewhere such as staff reduction, wage costs etc.

Of the 26 respondents who did not see a decline of investment into C.S.R strategies different reasons were highlighted.

- Increase sponsorship of local sports organisations as it is less costly than national higher profile teams.
- Sponsorship investment into local teams increased as local events directly affect customer base which increases brand profile. This also supported findings in the review of literature by Gwinner & Swanson, 2003.
- Increase of investment in C.S.R. strategies especially in terms of sports sponsorship can be mutually beneficial for both parties involved. This has allowed the level of investment to maintain constant as the sponsor benefits from word of mouth (Tsiotsou et al. 2009) while the sporting organisation gains investment.

Question 9: Has your club/ organization had difficulty in the last 12 months renewing or attracting sponsorship?

Of the 48 respondents:

- Yes = 36
- No = 12

As previously highlighted 12 of the sample currently had sponsorship contracts that were negotiated before Ireland entered a recession in June 2008 (Fanning, 2008). The other respondents however were not in long term strategies prior to the recession or were involved in negotiating new sponsorship deals within the last twelve months.

These responses highlight the difficulties facing sporting organisations at present in attracting and maintaining sponsorship. With confidence levels in the Irish economy low at present (Fanning, 2009) these results are not surprising.

Only 6 respondents explained their answer to this question and illustrated the difficulty in getting sponsors to commit long term sponsorship contracts. This was mainly due to the uncertainty at present in the economy as many business owners are finding trading difficult.

Again the idea of multiple sponsors was mentioned which requires less investment from more sponsors in order to maintain the sponsorship levels of previous years.

Question 10: Have any of your sponsors from previous years been effected by the economic downturn and not renewed their sponsorship?

This question highlighted the effect the economic downturn is having on every aspect of the economy with 100% of respondents noting the downturn had affected their sponsors. However of the 48 respondents only 4 had lost their sponsor due to the economic downturn.

Of the 4 respondent who had lost their sponsors the reasons were:

- Company going into liquidation
- Cuts in sponsors spending
- Sponsor moving operation out of Ireland.
- Sponsors not renewing sponsorship contract.

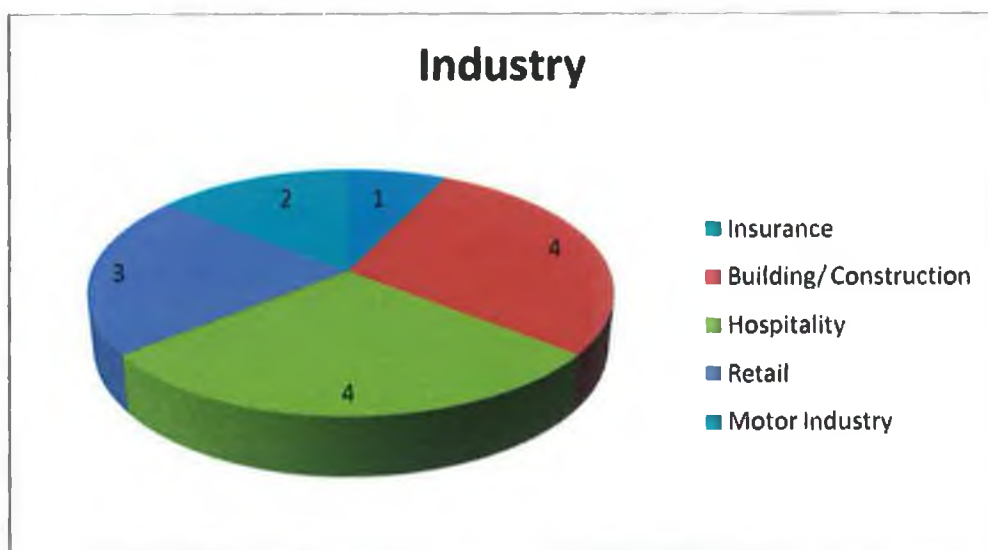
4.2.2 Analysis of Sports Sponsors Questionnaire

A sample of 30 companies was selected throughout the Republic of Ireland that the researcher had determined were involved in sports sponsorship through research carried out through the internet and the appearance of sponsor's names on sporting teams and events that were broadcasted by Ireland's media. Of the 30 questionnaires circulated there were 14 responses. The sample of 14 was further examined to determine if a non responsive bias had occurred. The researcher found that there was a bias towards companies based in the west of Ireland. The researcher decided that although the sample was not as geographically spread as hoped the varying industries and size of companies involved would provide a range for the population of sponsors in Ireland.

This questionnaire was developed in order to get an insight into the sponsors' opinion on sports sponsorship in Ireland during the current economic downturn. It is hoped that when used in conjunction with the questionnaire distributed to sporting organizations the overall landscape of sports sponsorship in Ireland at present can be developed.

Question 1: In what industry does your company trade?

This question was used to develop a background into the companies that had responded to the questionnaire. It also allows the researcher to develop an insight into the different industries within Ireland and the changes in their sports sponsorship spend at present. Of the 14 responses the results are highlighted in Fig 1.4.



Question 2: What is the number of employees currently employed by company?

This question was developed to gain an insight into the size of the companies involved in the questionnaires. There was a large range in replies which the researcher felt would be suitable in giving a complete picture of companies in the sample.

Of the 14 respondents the results were:

- < 10 employees = 7
- 10 - 50 employees = 3
- 50- 100 employees = 4

Question 3: Is your company currently following a Corporate Social Responsibility Strategy?

This question was developed in response to the research objective “To reveal if the economic downturn has had an effect on organisations Corporate Social Responsibility Strategies.” The researcher aimed to determine the amount of companies which are actively following a C.S.R. Strategy from the respondents at present in order to ascertain the effect the economic downturn has had on those following such strategies. A follow up question illustrated the date in which the C.S.R Strategy was developed by the company.

The results from the 14 respondents in term of them following an up to date C.S.R strategy were:

- Yes = 9
- No = 5

9 of the sample of 14 were therefore relevant into the investigation into the economic downturns effect on corporate social responsibility strategies.

Of the 9 C.S.R. Strategies being followed by the respondents their development date is highlighted in Fig 1.5 below.



Fig 1.5

These results highlighted the emphasis that began to be placed on C.S.R Strategies in the previous 10 years. The increase in C.S.R strategies has helped sporting organisations gain investment through sports sponsorship while allowing companies give back to the communities in which they are working in e.g. Kingspans sponsorship of Breffni Park in Cavan (Finnerty, 2008).

Question 4: Is your company currently involved in sports sponsorship?

All 14 of the respondents were involved in sports sponsorship as they had been previously selected by the researcher to receive the postal questionnaire. A follow on question of the type of sport which they were sponsoring provided the researcher with an overall insight into the most commonly sponsored sports in Ireland.

The results are highlighted in Fig 1.6 below:

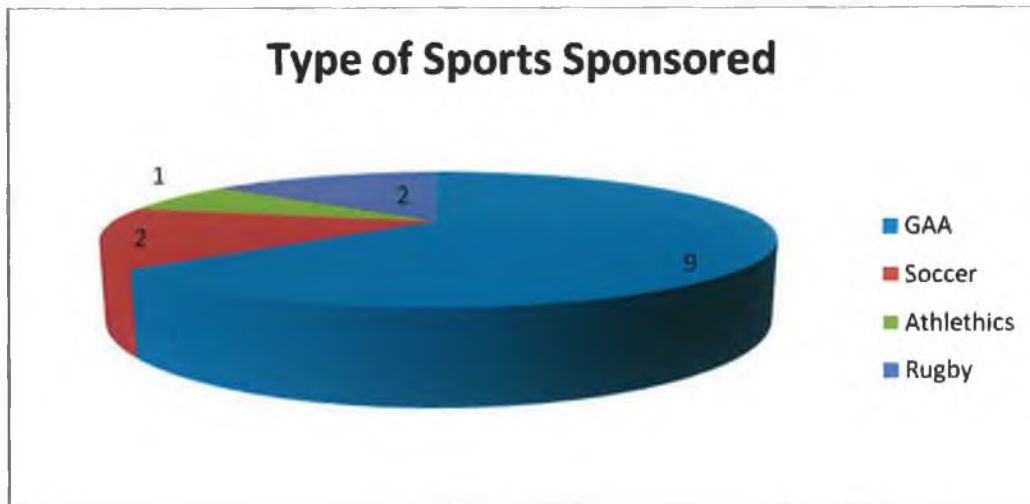


Fig 1.6

Unsurprisingly the GAA came out top in the sports that were sponsored which is mainly due to the popularity of the association in Ireland (De Burca, 2000). The GAA also generates and intense fan base which as highlighted by Zillmann & Paulus, 1993, in the review of literature can be instrumental in creating purchase intentions for the sponsor.

Popularity in rugby in Ireland has also increased in particular since Ireland's success in the Six Nations Championship and the provinces success in the Heineken Cup (Coyle, 2009). This success has led to more investment into rugby in Ireland particularly in terms of investing in successful teams. As highlighted in the secondary research sponsors can "Piggy Back" on successful sports and teams (Shilbury et al., 2003). This is highlighted by Bank of Ireland's sponsorship of Leinster Rugby as they are regarded as a top 5 team in Europe at present (Coyle, 2009). Sponsorship of successful teams can gain increases sales and an increase of brand awareness for the sponsor (Shilbury et al. 2003) this seems to be the case in sponsors investing in rugby at present.

Question 5: Main reason for sponsorship of a sports club/ organisation at present?

This question was designed in an attempt to understand the main factors which have led to the respondents sponsoring and investing in sports teams and events. The results were highlighted in Fig 1.7 below:

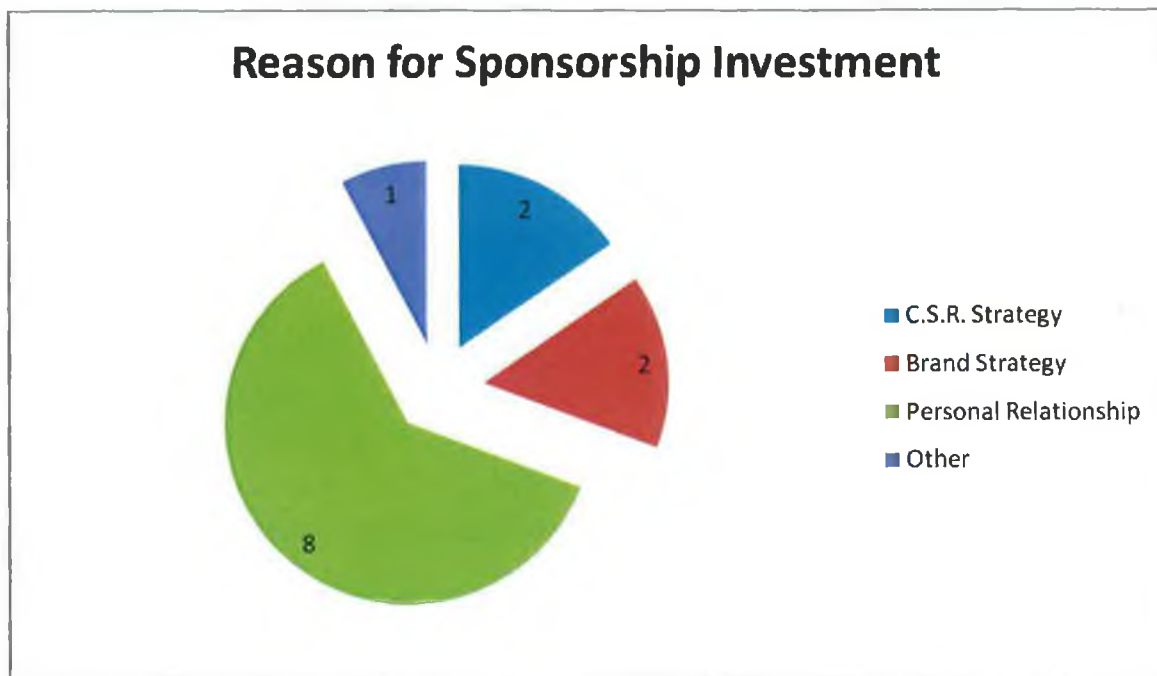


Fig 1.7

From this question the researcher established from the sample responses that investment in a sports team or event by the respondents was down to a personal relationship with the club/ organisation being sponsored. When analysed with question 4 it is interesting to see that those answering GAA in question 4 had answered personal relationships in question 5. This illustrated to the researcher that much of the sponsorship received by the GAA is from companies which are linked personally with them. This theme has developed throughout the research process with sponsors investing in teams and events which they are connected to. Examples of this can be seen throughout Ireland where the sponsor of GAA teams is closely linked with the team involved such as Kingspan sponsorship of Breffni Park in Cavan (Finnerty, 2009).

Brand Strategies was a reason given by 2 of the respondents for their sponsorship of a sports team/ organisation. As previously researched sponsorship can be used to differentiate a brand from its competitors (Dolphin, 2003) which can make it a valuable marketing tool for sponsors. Sponsorship has also begun to be seen as a marketing tool than C.S.R. tools of the past (Gwinner & Swanson, 2003) which has led to sponsorship being integrated to the marketing strategies of companies in order to get the largest possible return on investment. Sports sponsorship has now become more managed in order to gain returns such as increased sales etc.

C.S.R. Strategies was the reason highlighted by 2 of the respondents. It was surprising to the researcher that so little firm had placed and emphasis on their C.S.R. strategy for sponsorship of sports teams/ organisations.

The sole respondent which replied other to this question sighted the reason for their sponsorship as a showing of status amongst their community. In general, the researcher felt that the sample was too small to offer a range of the research population in relation this question.

Question 6: Is your investment into sponsorship Long (3-5 years) or Short Term (<1 year)?

From previous research conducted by Bennett in 1999, it was concluded that sponsorship needs both long and short term investment in order to be effective. This question aimed to help explore the research objective “To examine, if short term returns of sports sponsorship have begun to outweigh the traditional return of long term brand building.” This has become particularly important at present as companies are now under pressure to cut spending and therefore must see results from their investments quicker than in previous years. The responses for this question however has highlighted that sponsorship is still very much seen as a long term investment by a majority of sponsors, however and element of wishing to see short term results has crept in. The results are illustrated in Fig 1.9.

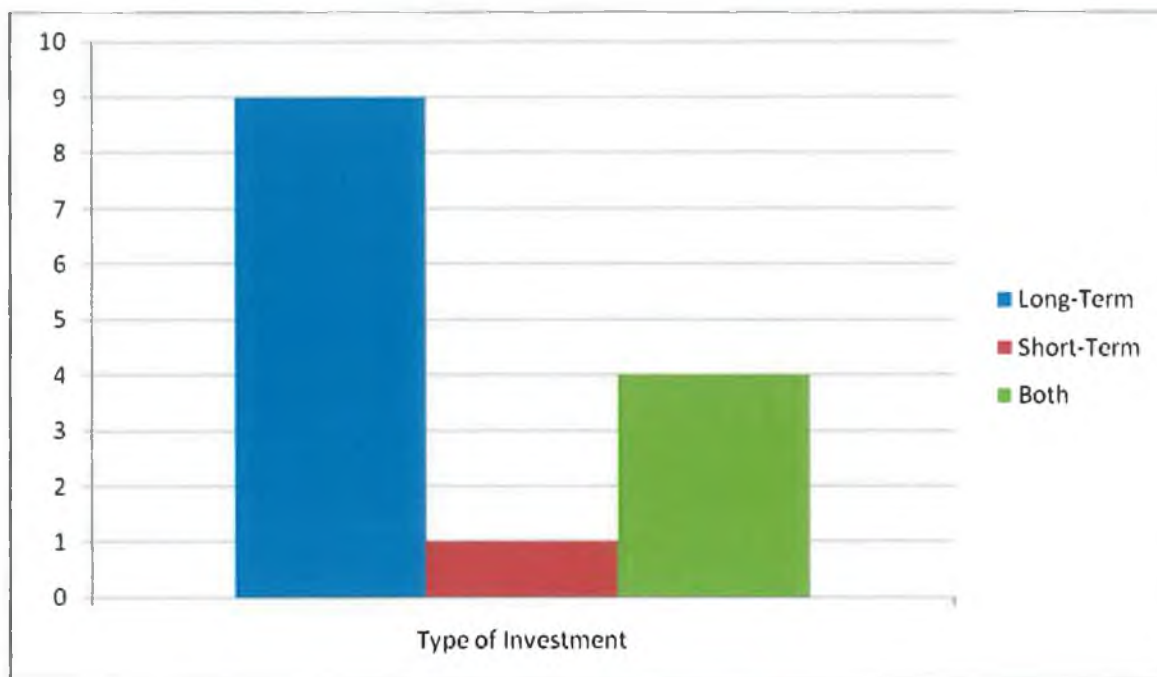


Fig 1.8

Long-term investment in terms of sponsorship is generally brand building activities whereas short term investments aims to increase sales (Marshall & Cook, 1992), generate media exposure (Cornwell, 2000) while attempting to differentiate the brand form competitors.

Question 7: Which type of sports sponsorship did company invest in?

This question was designed in direct response to Question 4 in the questionnaire distributed to sports clubs and organizations which stated “What type of sponsorship is the organization currently receiving?” the researcher felt this would allow a comparison of both results to gain a more conclusive finding in terms of the type of sports sponsorship being given at present. The results are highlighted below in Fig 1.9.

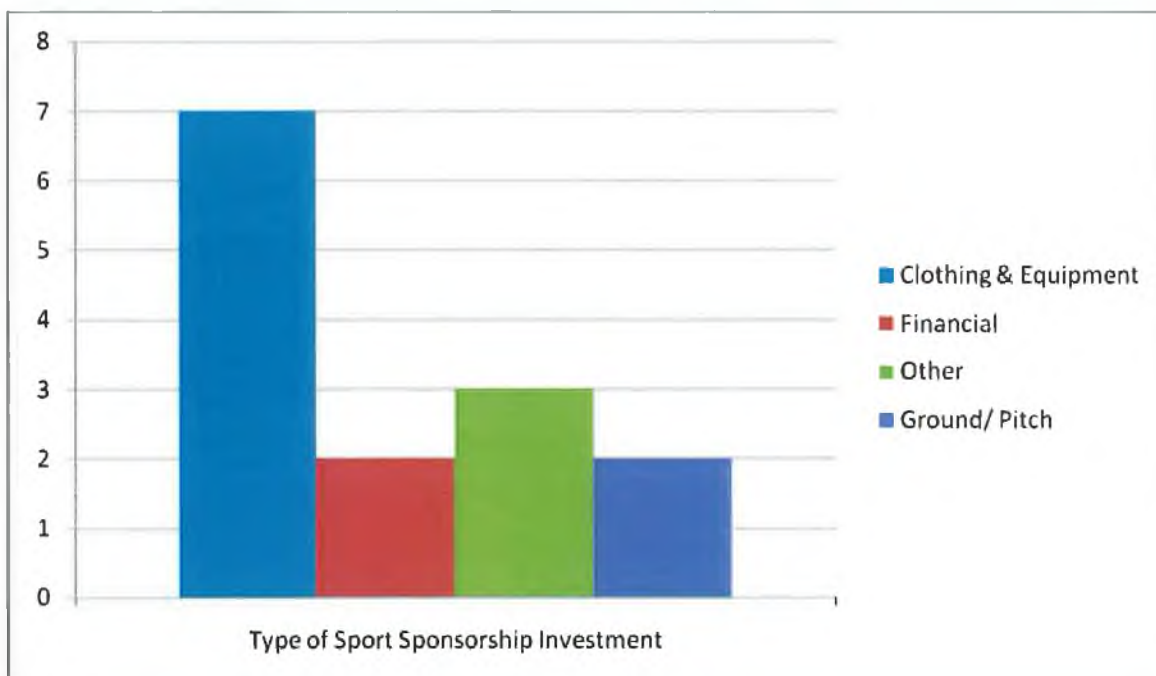


Fig 1.9

The results of this were similar to those in the previous questionnaire, with many companies involved in clothing, equipment and grounds pitch sponsorship. In terms of financial sponsorship many companies had invested money into the clubs/ organizations without asking for

recognition. This is a sponsorship term called patronage which is “individual or organization donates funds for altruistic benefit” (Lagae, 2005).

In terms of other sponsorship arrangements the concept of sponsoring meals, drinks etc was common especially from companies in the hospitality and retail industry. This allows companies to be involved in sponsorship of teams but at a lower price as they are investing assets which they possess already but are of great benefit to the teams and organizations receiving them.

Question 8: Has the company reduced the amount of revenue invested into sports sponsorship in the previous twelve months?

This question was asked to investigate if the amount of investment into sports sponsorship from the respondents had fallen in the last 12 months in line with the economic downturn. From the 14 respondents the results were:

- Yes = 9
- No = 5

When asked to explain this reduction in spending reasons such as:

- Business organisations fighting for survival in difficult economic conditions do not have the finance to invest in sports sponsorship at present
- Business organisations do not want to be seen to be spending excessively especially if making cutbacks elsewhere such as staff reduction, wage costs etc.
- With deflation now an issue within the Irish economy it has become cheaper to get the same amount of products/ services for less money than before.

These answers backed up research collected from the respondents from the postal questionnaire sent to sports clubs and organisations.

The respondents that answered no were involved in long term sponsorship contracts and had yet to negotiated prior to the economic crisis thus have been following an investment strategy agreed in sponsorship contract.

Question 9: With Ireland's economy currently in Recession, has the cost of Sponsorship decreased?

This question is in direct response to the research objective "To ascertain if during an economic downturn the cost sports sponsorship decreases." Of the 14 responses received 9 saw a reduction in costs while 5 saw the level remain the same.

Those which saw the reduction cited reasons such as:

- Sporting organisations realise the financial difficulties facing their sponsors so are not asking for as much of an investment.
- As previously highlighted currently in the Irish economy there is deflation (Labanyi, 2009) which driven down the cost of many goods and services which sponsors would have previously invested in
- An increased development of sponsorship clusters (Payne, 1991; Meenaghan, 1996; Pryor, 1999) has led to the reduced cost of sponsoring sporting teams and events. However the reduction in cost may be offset by a reduction in effectiveness of the sponsorship as the many other brands may also gain exposure.

The 5 respondents that did not see a reduction in costs had signed 3-5 year contracts and were committed to a required investment annually thus the economic downturn had not reduced their sponsorship costs.

Question 10: As the cost of advertising is currently decreasing, do you still believe sponsorship remains a viable alternative?

The researcher had conducted secondary research into the benefits of sponsorship over advertising in her literature review in order truly understand what attracts sponsors to sponsoring teams and events. With the cost of advertising decreasing due to less demand in Ireland at present (Carswell & Maden, 2009) sponsorship revenues will be under pressure to attract investment.

The results from the respondents are graphed below in Fig 1.10:

Can Sponsorship Remain a Viable Alternative to Advertising

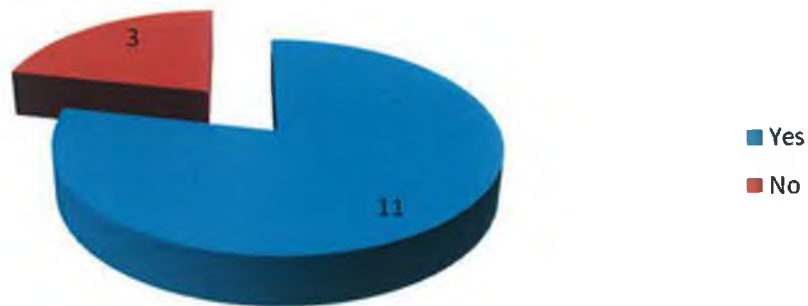


Fig 1.10

The respondents which answered yes felt sponsorship remained a secure investment as:

- It is aimed directly at identified fans - which the researcher previously highlighted in the literature review show greater purchase intentions for the sponsors products (Zillmann & Paulus, 1993).
- It still remains a less expensive investment than advertising
- Sponsor is seen as giving back to the community which is even more appreciated in these difficult economic times.

The 3 respondents that felt that sponsorship was no longer a viable alternative now that there was a reduction in advertising costs believed that:

- Advertising reaches a larger audience than sponsorship particularly in terms of sponsoring local teams and events
- There is more control over and advertising campaign than a sponsorship campaign which may therefore guarantee better returns.
- There are proven results for advertising whereas sponsorship remains “hit or miss”. This backed up secondary research conducted which illustrated that there was more research into the effectiveness of advertising over sponsorship with advertising generally receiving better results (Meenaghan, 1991).

Conclusion & Recommendations

Conclusions and Recommendations

5.1 Introduction

This study was conducted to “Investigate if sports sponsorship can remain a secure investment during uncertain economic times.” Conclusions and Recommendations were developed through the utilization of both primary and secondary research. The primary research was in the form of postal questionnaires while the secondary research involved a Literature Review.

The Literature Review involved the examination of published secondary sources in relation to the topic of sports sponsorship. The primary research process itself relied on the use of postal questionnaires. The data provided from this research was analyzed and discussed within this dissertation so that conclusions and recommendations could be drawn upon.

5.2 Objective One

“To examine, if short term returns of sports sponsorship have begun to outweigh the traditional return of long term brand building”

In the previous twelve months investors now more than ever need to see returns for their investments. Sport Sponsorship has always been seen as a long term investment but the researcher conducted research to ascertain if this held true during and economic downturn.

From the design of the postal questionnaire circulated to businesses involved in sports sponsorship at present, the researcher concluded that Sports Sponsorship still remains a long-term investment for sponsors. However, more sponsors are now aiming to achieve both long and short term results in order to satisfy their brand and marketing strategies. Increasing sales and revenues has now become vital to a sponsors survival thus an increased emphasis will be placed on getting short term returns on investment.

This must be addressed by sport teams and events aiming to attract sponsors at present as they must be able to differentiate themselves from other organisations trying to gain sponsorship. The researcher recommends sports teams and events must market themselves to sponsors and

highlight the benefits of sponsorship in both short and long term. This can be done by offering more media and brand exposure for the sponsor.

With the cost of advertising also decreasing (Carswell & Maden, 2009) sporting teams and events also face the challenge of sponsors investing in advertising rather than sponsorship. Advertising historically gives short term results which in time of a recession can be very attractive to investors. Sport teams and events must counteract this by:

- Highlighting how sponsorship can be seen as giving back to the community where their customers are based thus creating purchase intentions
- Highlighting how sponsorship can be directed at the sponsors market
- Sponsorship creates word of mouth about a brand (Tsiotsou & Alexandris, 2009)
- Research has shown that sponsorship can outperform advertising during a worldwide recession (Meenaghan, 1998).

Objective Two

“To investigate if there is an increase in the sponsorship of sporting events with guaranteed exposure rather than niche sporting events.”

This objective is linked with objective one as it again deals with the idea that sponsors now more than ever need returns from their investment be it in a long or short time span. This objective however explored if niche sports can continue to secure investment during an economic downturn. As the niche sports addressed in the questionnaire tended to have fewer members than widespread organisations, the costs for sponsors also tend to be lower. This however can be a double edged sword for sponsors for although the costs are less the exposure of the sponsor’s brand is to a niche audience.

The sponsorship of niche sporting teams and events must therefore be carefully managed by the sponsor in order to be beneficial. Niche sports events have highly identified fans as highlighted in the secondary research by Zillmann & Paulus, thus tend to be more loyal to team/event sponsors. This can provide an opportunity for investors especially if their products and services are targeted to the fan base involved.

This objective of the research document provides scope for further research as there is currently a lack of literature available. The effectiveness of niche sport sponsorship in the researcher's opinion is under-rated as it can provide a direct link from a sponsor to their customer base.

Objective 3

“To ascertain if during an economic downturn the cost sports sponsorship decreases”

From the research conducted by the researcher involving the postal questionnaire she found that in Ireland the cost of sports sponsorship has fallen in the previous twelve months.

The research highlights 3 main reasons for this:

1. The economic downturn and financial crisis have led to many sponsors facing an uncertain future thus many sponsors are not renewing their sponsorship contracts. This has led to many sporting teams/events without sponsors; therefore there is increased competition to attract new sponsors with cost of sponsorship becoming a major selling point.
2. With the economy drifting into inflation in the past 12 months sponsors no longer need to invest the same amount of money to get the same returns particularly in terms of purchasing of training gear and equipment. This has further reduced the cost of sponsorship investment.
3. The increase development of “sponsorship clusters” appeared throughout the primary and secondary research conducted in this dissertation. These allow multiple sponsors of teams/events therefore reducing costs for the sponsors.

The researcher also concluded that the true effect of the economic downturn on sports sponsorship investment cannot be gauged from the research conducted as the sample size was too small to represent the sample population. The theories above provide an insight into the sample but cannot realistically provide the researcher with the data needed to meet the objective.

Objective Four

“To reveal if the economic downturn has had an effect on organisations Corporate Social Responsibility Strategies”

The researcher aimed to explore if in times of recession these strategies would remain as integral to the sponsors overall business strategy.

From the respondents of the postal questionnaire it became apparent that many around 50% of respondents no longer followed their C.S.R strategy as they had done in previous years. The findings also highlighted the perception of many companies that they do not want to be seen to be spending money in areas such as sponsorship when they are making cutbacks in other areas such as wage costs.

On the other hand, the research showed many sponsors believed that investing and following the C.S.R Strategy as planned provides them with a unique opportunity to market them and give back directly to their customer base. They believe this investment will show returns such as sales increases, word of mouth advertising and general goodwill towards the brand.

The researcher concluded that in general if companies can afford to follow their C.S.R strategy they should as it is an excellent long term brand building strategy which may be repaid when the economy begins to recover.

Conclusion:

From the primary and secondary research conducted the researcher concluded that at present it is unclear if sports sponsorship can remain a secure investment during an economic downturn. The researcher felt this to be the case at present, as many sponsorship contracts have not been negotiated since the world-wide economy collapsed thus these sponsors and teams are yet to be effected by the downturn. This area there requires future research to determine the strength of sponsorship investment during an economic downturn particularly when more sponsorship contracts negotiated in “boom” times are renegotiated in an uncertain economic climate.

The researcher concluded that successful teams seem to be unaffected by the economic downturn with corporations willing to invest in high achievers which will in turn lead to more brand exposure. This is seen by Bank of Ireland’s sponsorship of Leinster rugby and Aviva securing

the naming rights to Lansdowne Road (Gallagher, 2009). The researcher believes that this will further increase the financial strain on niche sports that have relied on state investment in time of the economic boom as with government spending cutbacks these niche sports may have difficulty surviving and many sponsors being attracted towards sports with widespread appeal.

The researcher felt that her primary research provided limited insight into sponsorship at present. The researcher discovered the questionnaire design and sample did not reach the required research objectives of this document. The conclusions of this dissertation are based solely on the respondents of the postal questionnaires therefore for future study further research techniques may highlight more comprehensive findings.

A theme developed throughout the literature review which highlights the many opportunities that can be exploited through sports sponsorship during and economic downturn. These included the reduced costs of investment into sports sponsorship at present, while long term returns may increase particularly in terms of sponsors developing their brand and their relationship with customers.

With the time restraints involved in conducting this study, the researcher felt that each objective required much research and there is an opportunity for further research on all objectives individually in order to conduct a more extensive investigation.

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Appendices

Research Department,
Business and Humanities,
Institute of Technology,
Ballinode,
Co. Sligo.
Tel: 0877745593
Email: s00085506@itsligo.ie
Date: 01/06/2009

RE: Market Research

To Whom It May Concern:

I am currently a student of the Masters in Science in Marketing in I.T. Sligo. As part of my course I am conducting market research into the levels of sport sponsorship during an economic downturn.

As part of this study, postal questionnaires are being conducted with a variety of sports organizations within the Republic of Ireland in order to gain an insight into the research topic. It would therefore be of great assistance to the researcher if a completed postal questionnaire was returned to the researcher via the stamped address envelope which is enclosed.

I wish to advise you that responses will be treated with the strictest confidentiality as this research is being used solely in the pursuit of an academic award.

Should any queries arise, do not hesitate to contact the researcher on the information above. The supervisor Roddy Gaynor at the Institute of Technology, Sligo is also available.

Yours Faithfully,

Christina Hughes,

Ms of Science in Marketing

Questionnaire

1. How would you classify your organization?

Amateur Professional Semi- Professional

2. How would you classify the organizations appeal?

Niche Widespread

Please specify the sport:

3. What are the current membership levels within your organization?

4. What type of sponsorship is the organization currently receiving?

Jersey Other Gear Finance Pitch Advertising

Other

If other, please specify:

5. Has the current economic climate had an effect on the level of sponsorship received?

Yes No

If Yes, Please specify:

6. Are sponsors currently aiming to get more of a return from their investment than in previous year's e.g. Increase in brand exposure?

Yes No

7. Has the organization changed their sponsorship costs in light of the economic downturn at present?

Yes No

If Yes, Why was it changed?

8. In your personal experience, have you noticed a decline in the emphasis on the business organization's Corporate Social Responsibility strategies amongst your sponsors at present?

Yes No

Please specify:

9. Has your club/ organization had difficulty in the last 12 months renewing or attracting sponsorship?

Yes No

If Yes, how has your organization aimed to counteract this?

10. Have any of your sponsors from previous years been effected by the economic downturn and not renewed their sponsorship?

Yes No

If Yes, Specify the industry which they are trading in:

Research Department,
Business and Humanities,
Institute of Technology,
Ballinode,
Co. Sligo.
Tel: 0877745593
Email: s00085506@itsligo.ie
Date: 01/06/2009

RE: Market Research

To Whom It May Concern:

I am currently a student of the Masters in Science in Marketing in I.T. Sligo. As part of my course I am conducting market research into the levels of sport sponsorship during an economic downturn.

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Yours Faithfully,

Christina Hughes,

Ms of Science in Marketing

Questionnaire

1. In what industry does your company trade?

- Insurance Building/ Construction Agricultural
Hospitality Retail Motor
Other

If Other, Please specify:

2. What is the number of employees currently employed by company?

3. Is your company currently following a Corporate Social Responsibility Strategy?

- Yes No

If Yes, when was it developed?

4. Is your company currently involved in sports sponsorship?

- Yes No

If Yes, please specify the sport involved:

5. Main reason for sponsorship of sports club/ organization at present?

C.S.R. Strategy Brand Strategy

Relationship with club Other

If Other, please specify:

6. Is your investment into Sport Sponsorship seen as:

A Long-term Investment Method to gain Short-term Results

Both

7. Which type of sports sponsorship did company invest in?

Sponsorship of Sports Clothing/Equipment

Sponsorship of Club/Organisation's Ground

Financial Sponsorship of Club/Organisation Solely

Other

If Other, Please Specify:

8. Has the company reduced the amount of revenue invested into sports sponsorship in the previous twelve months?

Yes No

Explain answer:

9. With Ireland's economy currently in Recession, has the cost of Sponsorship decreased?

Yes No

If Yes, specify:

10. As the cost of advertising is currently decreasing, do you still believe sponsorship remains a viable alternative?

Yes No

Explain answer:
