International Journal of Sports Marketing & Sponsorship

Scandal & Corruption Special Edition

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The International Journal of Sports Marketing & Sponsorship (ISSN: 1464-6668) is published quarterly. Annual subscriptions:

- Standard print: £145 US$260 €215
- Standard pdf: £115 US$205 €170
- Library/multi-site print: £495 US$885 €730
- Library/multi-site pdf: £395 US$705 €580

All prices include post and packaging

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Bristol BS2 8QN
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What we are now seeing is the confluence of a number of processes that, when combined in the context of sport, have created a new way of viewing scandal.

Jason Mazanov & James Connor

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A critical mass of corruption: why some football leagues have more match-fixing than others 221
Declan Hill
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John Beech Simon Horsman Jamie Magraw
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When does alcohol sponsorship of sport become sport sponsorship of alcohol? 250
Sandra C. Jones
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The role of scandal and corruption in sports marketing and sponsorship

Jason Mazanov
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The media and their audiences have salacious appetites for scandal, be it sex, drugs, cheating or spying. One might expect that the apparent ubiquity of scandal and corruption in sport would see advertisers and sponsors fearful of linking their brands to fallen heroes. Indeed, the threat of mass abandonment by commercial partners has been linked to the large sums of money invested in anti-doping (Carstairs, 2003). However, this negative assumption about scandal and corruption in sport may be unnecessarily bleak. With some notable exceptions (including the cycling Tour of Germany and, more recently, golfer Tiger Woods), evidence that sponsors abandon sport because of scandal or corruption is at best patchy. Advertisers still clamour for space in the Super Bowl, for example, despite NFL players being arrested for murder, drug trafficking and sexual assault.

Internationally, the Salt Lake City Olympics showed that sport can thrive in the presence of scandal and corruption and, indeed, scandalous corruption. Perhaps, the old adage that ‘any publicity is good publicity’ applies.

As editors of this special edition, we asked a very basic question of our contributors: what relationship does scandal and corruption have with the marketing and sponsorship of sport? If there is a relationship, what opportunities and drawbacks exist for marketers? What lessons can be learned from past scandals and the response to them, and what does this mean for sport?

The effect of scandal in sport is a remarkably topical field of study. Several other journals have devoted special issues to the problem of scandal, with the 2008 issue of Public Relations Review focusing particularly well on public relations and sport. What is curious is the question as to why there is currently so much interest in this area, especially given that scandal and sport have always gone together as far back as the original Greek Olympics. Further, there has certainly been no shortage of scandal during the past hundred years of semi-professional and professional sport.

What we are now seeing is the confluence of a number of processes that, when combined in the context of sport, have created a new way of viewing scandal. While wary of employing an overused and analytically dubious concept like ‘globalisation’, we think the explanation for the sudden focus on scandal is a result of processes commonly subsumed within that term. This subsuming comes from the increasing commercialisation of sport, the radical and rapid advancement of marketing techniques, the advent of truly global media and sports markets, and technology.

Harvey’s (1989) concept of the annihilation of space through time, coupled with an ability to access and understand the world as a whole, provides a theoretical framework that helps to explain why scandal is now so much more visible. Scandal is an instantaneous, borderless and language-less phenomenon, and an aspect of human frailty that we love to consume. When coupled with sporting endeavours—suffused with money, identification, fandom and nationalism—it is not in the least surprising that scandal is ubiquitous.

Scandal and corruption do influence marketing and sponsorship in sport, and this collection of papers suggests that the relationship is by no means negative. Indeed, it is far more complex than the popular conception of scandal equals bad. Morality aside, scandal and corruption in sport provide opportunities for marketing and sponsorship—from protecting brand integrity to developing ways to protect marketing investments by the corruption-proofing of sport to leveraging scandalous behaviour for brand identity. It is also clear that sports marketers and sponsors need to incorporate the possibility of scandal and corruption in their strategies, to maximise the return on investment.

Reference
Doping in elite sport – do the fans care?
Public opinion on the consequences of doping scandals

Keywords
doping
demand for sport
empirical survey
belief
acceptance of substances

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Abstract
There are indications that commercial stakeholders are reluctant to associate with sports involved in doping scandals. A survey of 925 Norwegian sports consumers supports this reluctance, showing no tolerance for pure doping substances. The majority were in favour of tough responses to athletes and sports involved in doping. Older respondents were more negative towards doping. Those who were strongly interested in sport were more willing than others to accept doping.

Executive summary
For decades, athletes’ use of doping seemed to have no influence on the willingness of commercial actors (i.e. sponsors and TV broadcasters) to be involved in sport. During the past few years, for some sports this pattern has changed. In cycling, for example, several sponsors have withdrawn their support due to the many doping scandals. Similar reactions have been identified among TV broadcasters. In 2008, ARD and ZDF, the two German public service broadcasters, decided to pull out of the Tour de France because of the many doping incidents. Such reactions from sponsors and TV stations have had serious consequences, among them, the cancellation of the 2009 Tour de Germany.

Sponsors and TV broadcasters represent the derived demand for sport. These stakeholders commit
resources to sport because of direct demand, i.e. from the general public. Therefore, the views and attitudes of sports spectators towards doping is of great importance in determining in which sports sponsors and TV broadcasters will become involved.

A survey (N=925) conducted in Norway investigated opinions and attitudes towards doping. It revealed no tolerance of pure doping substances, such as EPO, amphetamines and anabolic steroids. The results were mixed with regard to so-called ‘supplements’ and methods that can be categorised as belonging to a ‘grey zone’, including high-altitude chambers.

An overwhelming majority of respondents supported tough reactions from sponsors towards the athletes/teams involved in doping scandals, for example a reduction in sponsor support. The same applied to the idea that athletes caught doping should pay back financial support to their sponsors. A large proportion agreed that commercial actors who continued their involvements in sports associated with doping were accomplices in doping.

Regression analyses revealed that the older the respondent, the more negative they were towards doping. A similar pattern applied to those who highly emphasised the uncertainty of outcome and the calculative motive. Contrary to this, people who were very interested in sport expressed more liberal attitudes. They disagreed with the idea of punishing the athletes, and did not blame the commercial actors who continued being involved in doping-associated sports. The regression analyses did not uncover specific differences in attitudes towards doping among those who strongly identified themselves with teams/athletes and others.

However, the regression models displayed lower values on obtained R-squares, which is an indication of a low model fit. Due to significant differences between genders, the regression analyses presented in this paper only cover men. The general model, including both genders, displayed significantly lower explanatory power than the ‘pure male model’. Hence, it is correct to say that the regression analyses provided some explanation of men’s attitudes towards doping in elite sport, but not those of women. This indicates that future research should consider alternative theoretical and empirical perspectives to better analyse what influences women’s attitudes towards doping in elite sport.

**Introduction**

Elite athletes have used performance-enhancing stimulants since the ancient games (Finley & Pleket, 1976; Donohoe & Johnson, 1986), but it was not until the middle of the 20th century that doping was treated as a problem. One reason for this was that new substances such as anabolic steroids and amphetamine led to several deaths during sports performances (Houlihan, 2002). Doping controls were introduced in main events, such as the 1966 World Cup soccer finals and the 1968 Olympic Games (Dimeo, 2007). However, during the following decades, doping became widespread. This development ran parallel to other processes in elite sport, such as professionalisation, politicisation and commercialisation (Waddington & Smith, 2009). The fact that athletes used drugs did not have any negative effect on the commercialisation of elite sport. In recent years, however, the picture seems to have changed.

This paper investigates attitudes and opinions of sports consumers around doping. It raises questions such as:

- Which substances and instruments do people accept that elite sports athletes use to improve their performances?
- What opinions do they have about the use of doping by elite sports athletes?
- What is their view and attitude towards commercial actors such as TV broadcasters and sponsors involved in ‘doping sports’?
- What do they regard as appropriate actions by themselves and from commercial actors towards athletes involved in doping?
Commercial stakeholders such as TV broadcasters and sponsors involve themselves in sport because of the demand from these groups. If doping scandals influence people’s interest in sport, this can in turn affect how much time and money the commercial stakeholders are willing to spend on sport. This makes it interesting to analyse to what degree doping in elite sport actually affects people’s interest in the sport.

People are attracted to sport for different reasons. Some identify strongly with specific teams. Some are fascinated by the uncertainty of outcome, a characteristic that makes sport different from other commodities. Others involve themselves in sport because of betting. This makes it interesting to investigate whether people with different motives react differently to doping scandals. Do some fans have more or less liberal attitudes towards doping?

The following section gives an overview of how commercial stakeholders have reacted towards doping scandals in sport over the years. The theoretical section discusses factors that have been documented to influence the demand for sport, and whether they are likely to affect peoples’ motives for watching sport. The empirical section presents the results from a survey of 925 Norwegian respondents focusing on the issues mentioned above, followed by a discussion of the findings.

Historical development: the use of doping and reactions from sponsors

For many years doping incidents did not affect the relationship between sport and the commercial stakeholders involved in sport, such as sponsors and TV companies. Cycling can be used as an example. Investigations during the 1998 Tour de France revealed that doping was widespread, systematic and highly organised in professional cycling, later named the “Festina scandal” after the sponsor of the French cycling team (Vest Christiansen, 2005). The watch manufacturer Festina became caught in the middle of the scandal after the team’s masseur was arrested by French police, who found 250 batches of anabolic steroids and 400 ampoules of EPO in his car (Voet, 2001). In the following months, both the sponsor and the team carrying its name were the subjects of substantial negative publicity in the media. During this crisis, Miguel Rodriguez, the owner of Festina, declared that if an intention to use illegal drugs was proved, Festina would cease sponsorship of the team (Abt, 1998). Despite this, Festina maintained their contract with the team until its expiration in 2001.

Since Festina, doping scandals have continued in cycling, despite promises from cyclists, teams and race organisers to solve the problem. Cyclists continued to test positive, and evidence has shown that the misuse has been organised. Shortly before the 2006 Tour de France, the Guardia Civil military and civilian police force in Spain raided clinics and several apartments in Madrid. They seized steroids, hormones, the endurance-boosting hormone EPO and nearly 100 bags of frozen blood and equipment for blood boosting. More than 200 leading athletes were involved in this doping network. As a consequence, nine leading cyclists were prohibited from starting the 2006 Tour de France (Abt & Macur, 2006).

Over the years, attitudes among sponsors and TV broadcasters have changed – a development that also has affected cycling. In 2006, the Spanish insurance company Liberty Seguros ceased sponsoring its cycling team. The German tool company Würth announced it would withdraw from sponsoring Astana, the team of Alexander Vinokourov (a Kazakhstani cyclist who tested positive to blood doping in the 2007 Tour de France). Both based their decisions on doping incidents (Tremlett, 2008; Fotheringham, 2006). Since then sponsors including Quick Step, Gerolsteiner, T-Mobile and Credit Agricole have all withdrawn from cycling. Some have explained their decisions as reactions towards the doping problem (Waddington & Smith, 2009).

In 2007, the annual Championship of Zurich and the Tour of Utah were cancelled due to lack of sponsors (Carvajal, 2007). In 2009, the Tour de Germany was cancelled due to lack of sponsors. This
was related to the ARD and ZDF (German public service broadcasters) decisions to not cover the Tour de France. According to ARD Chairman Fritz Raff, the doping cases had greatly reduced the sporting value of this premier event (USA Today, 2008).

This development in Germany, the biggest commercial sports market in Europe, was of particular importance. ARD was the key broadcaster of the Tour de France in Germany, and its withdrawal represented a major financial blow, because Germany had provided almost 40% of the Tour's TV revenue in previous years (Waddington & Smith, 2009). The ARD/ZDF decision was also a blow to the Union Cycliste Internationale (UCI) hopes of achieving CHF12 million (£6 million/€8 million) a year in its new deal with the European Broadcasting Union, commencing in 2009 (TV Sports Markets, 2008).

IFM, a German-based sports research company which measures sponsorship impact, argued in 2007 that cycling had plunged as a marketing investment. Reductions in live audience were registered during the early season, pro-tour events. As an example, the Ronde van Vlaanderen race in Belgium saw a 77% decline in TV ratings compared to the previous year. This drop reduced the value of cycling sponsorships, according to Jens Seeberger, spokesman for IFM (Carvajal, 2007). Professional cycling is a highly commercialised sport and it would not continue in its present form without the continued large-scale financial backing of sponsors (Waddington & Smith, 2009).

Other sports have been through similar scandals, with severe consequences, among them cross-country skiing. During the 2001 Nordic World Ski Championship in Lahti, Finland, a total of six Finnish cross-country skiers were sanctioned for violations of the doping regulations (Laine, 2006). This championship was memorably described as a “blood-freezing” event by Virtapohja (2002). The scandal reduced the commercial value of cross-country skiing in Finland: one year after the scandal, financial losses of the Finnish Ski Association (FSA) exceeded €3 million (Helsingin Sanomat, 2002). Support from sponsorship and corporate partners for the cross-country skiing branch of the Finnish Skiing Association did not reach pre-2001 Championship levels until 2005 (Helsingin Sanomat, 2005).

These examples illustrate that doping can affect sports negatively. The next section discusses some of the factors that have been documented to influence the demand for sport, and to what degree they can be affected by doping exposures.

**Theoretical background**

**Demand for watching sports contests**

The literature has split the demand for sport into two subcategories, *direct demand* and *derived demand* (Borland & McDonald, 2003).

Types of *direct demand* are:

- Demand for live attendance at sporting contests
- Demand for watching sporting contests on a pay-per-view basis.

*Derived demand* comes from commercial stakeholders willing to spend resources on elite sports because of the direct demand from *sports fans* and *sports spectators*. Positive promotion of the stakeholder and their products are the main objectives.

Types of *derived demand* can be:

- Television, radio and Internet broadcasters seeking inputs to the production of a programming content, to sell to advertisers and/or to sell on a subscription or pay-per-view basis to individuals and organisations
- Organisations seeking input to marketing campaigns, to establish or enhance the brand name and reputation of their products through advertising and/or sponsorship
- Organisations selling merchandise with an identity that is associated with sporting teams, leagues, events or individual athletes
Stadium/venue owners seeking input to the production of an entertainment package, to sell seats at their stadia to individuals and organisations, and to sell marketing opportunities to advertisers/sponsors.

The introduction presented several examples where doping scandals had influenced the derived demand, both from TV broadcasters and from sponsors, because doping scandals are seen to affect direct demand, i.e. from the general public. Sponsors may be afraid of the reaction from their current and potential customers, clients and the public. Doping scandals do not correspond with values the sponsors wish to be associated with. Doped athletes represent negative media attention, which in turn can promote the companies' image negatively. This, of course, is the opposite of a sponsor’s intentions in becoming involved in a high-profile elite sport.

Commercial broadcasters give priority to sports that attract interest from viewers. If doping reduces people’s interest in sport, this will influence how much time and money TV broadcasters are willing to spend.

The following section focuses on some of the variables that have been documented to influence the direct demand for sport, and which we consider to be of special interest in relation to doping. (See Wann et al, 2001, and Borland & McDonald, 2003, for a complete overview.) For this research, we concentrated on the following variables:

- Uncertainty of outcome
- Identification with teams/athletes motive
- Calculative motive

Uncertainty of outcome

Uncertainty of outcome is a key characteristic of sports competitions that distinguishes them from other goods and services (Gratton & Taylor, 2000). Spectators prefer some degree of uncertainty as to the outcome of a competition (Neal, 1964). According to Noll (1974), the stronger the uncertainty, the higher the public demand will be. This phenomenon has received substantial attention in the literature, particularly from sport economists. (For an overview, see Borland & McDonald, 2003.) It applies to both individual sports and team sports, and has to do with the joint nature of production in professional sport (Gerrard, 2000).

Doping may influence the uncertainty of outcome in several ways. Let us imagine that doping is not being used by anyone initially. If so, it is the underdogs that will benefit most from taking up doping. This in turn may narrow the gap between the competitors at the top and the bottom, and hence improve the uncertainty of outcome. However, if doping becomes common among the underdogs, the best athletes will find themselves forced to adopt the same behaviour. As a result, the majority of the athletes might take up doping, which could then reflect the initial relative strengths of competitors, assuming that doping had the equivalent effect on all athletes. However, it has been documented that doping substances will have different effects on different athletes (Bahrke & Yesalis, 2002).

Another problem with transferring such approaches to reality is that we know neither which athletes dope nor when they started to use dope. This makes us unable to identify those who, initially, were the best performers, i.e. before they took up doping. Those who everybody regards to be the best and most talented athletes may have used doping from the beginning of their career.

Other factors further complicate the effects doping can have regarding the ranking order of athletes. Some will not use doping because of ethical scruples. Furthermore, the risk of being exposed will be emphasised differently. Hence, it is complicated to predict how doping will affect the uncertainty of outcome. However, the fact that the uncertainty of outcome is a key characteristic that makes sports competitions different from other commodities makes it interesting to investigate the correlation between its importance and attitudes towards doping among spectators.
Identification with teams/athletes

Some sports spectators feel psychologically connected to a team or a specific player/athlete (Guttmann, 1986; Wann, 1997). Among fans with a high level of identification, the role of team follower is a central component of their identity. The team becomes an extension of the individual; the team's successes become the fan's successes, and the team's failures become the fan's failures. Such fans are usually very faithful towards their heroes, and hence also towards the sport. This makes it interesting to investigate their attitudes towards doping. It cannot be taken for granted that they will continue to cultivate their heroes. Some fans might be willing to forgive their heroes. Accusations against the teams/athletes they support can be regarded as accusations against themselves. Therefore, some fans may simply dismiss the accusations, no matter how well they are proved. Others might react differently and disassociate themselves from the athletes/teams.

Calculative motive

Some individuals are attracted to sport because of the potential economic gains from sports gambling. Many sports gamblers see sport fandom as an opportunity to acquire financial gains, and they are driven to consume sport through an economic motive. They are, by definition, not sports fans but persons who participate simply for the potential monetary reward. In the literature, this is known as the calculative motive (Wann et. al., 2001).

In recent years, technological innovations have revolutionised the opportunities to bet on sport. Compared to a few years ago, it is now possible to bet not only until shortly before the start of a contest but also during the contest. This development can attract to a sport more people with the calculative motive. Doping, however, may affect this. Although initially it may reduce the gap between underdogs and the best athletes, a number of other effects can work in different directions, as discussed above; some increase the uncertainty of outcome, while others reduce it.

Those who are attracted to sport mainly for betting will make efforts that maximise their ability to predict the outcome of the contests. Their aim is to handle the uncertainty of outcome better than others. This is what brings them the (extra) rewards.

The fact that doping has an element of secrecy can make this job more difficult compared to a situation where there is no doping. The doping adds an extra 'lottery dimension' to the contest. Those who bet will also have to predict whether athletes use dope and the effect this may have on the results. Furthermore, there is also a risk that some of the winners may be exposed and therefore disqualified.

For these reasons we think it likely that people who are attracted to sport mainly through the calculative motive will be more negative towards doping than other groups. This assumes that they are risk averse. Consequently, sports that are burdened by a number of doping incidents will risk losing the fans that are first and foremost driven by this motive.

The empirical section below presents regression analysis to investigate the correlation between the variables discussed in this section and the attitudes towards doping. Additionally, it takes into account people's age and their interest in sport.

Methodology

The data were collected by Norfakta Markedsanalyse AS (a Norwegian research marketing company). The company has about 70 interviewers and specialises in data collection by telephone interview. The target group for this survey was people that were interested in sport, i.e. those who graded their interest at 3 or more on a scale from 1 to 10. People who grade their interest in a sport at 1 or 2 are unlikely to spend much time and money watching, either on TV or at arenas. This group was therefore not included.

The survey was conducted by telephone interviews, 30% of which were via mobile. A total of 20,889 calls were conducted and 7,744 persons contacted.
Of these, 1,057 satisfied the target group definition and were willing to be interviewed. In total, 925 persons completed the interview, with an average interview duration of 14.8 minutes. This constituted a response rate of 16%, which is normal for the general population. Of the 925 respondents who completed the interview, 50.9% were men and 49.1% women. This does not correspond with the pattern of sample that first picked up the phone, where women represented the majority. The most likely reason for this is that men in general are more interested in sport than women. It is well documented that the more interested people are in a topic, the more willing they are to be interviewed about it (Ringdal, 2007). Among the 925 respondents, the average sports interest among men was 7.28 and among women it was 6.26. We regard the sample to be representative for the Norwegian population aged 15 or older who are interested in sport.

The empirical section first presents an overview of respondent attitudes and opinions about doping in elite sports, including what they regarded as appropriate reactions from commercial actors such as TV broadcasters and sponsors. This is followed by regression analyses, which investigated factors that influenced people’s attitudes towards doping.

The explanatory power of the regressions was moderate – as the low adjusted R squared values indicate. Therefore, one has to be careful about the strength of conclusions. It is also important to note that these regressions (Tables 4–8) only involve men. The adjusted R squared values were significantly lower when both genders were included in the regressions. Therefore, it is correct to say that the model presented in this paper provided some insight into men’s attitudes towards doping, while further research, based on different theoretical and empirical approaches, is necessary to explain the factors that influence women’s attitudes. The Durbin Watson statistics and the VIF indexes show that the data were unaffected by autocorrelation or multicollinearity.

### Results

Table 1 provides an overview of which performance-enhancing substances and stimulants the respondents accepted. This involves pure doping products as well as traditional food supplements, vitamins and minerals, which are legal. In addition it also involved so-called ‘grey zone’ products, such as food supplements containing substances that improve the ability to recover quickly after hard training, and the use of high-altitude chambers.

#### TABLE 1 What can be accepted of performance-enhancing substances and stimulants?

<table>
<thead>
<tr>
<th>Substances</th>
<th>Acceptable</th>
<th>May Be Acceptable</th>
<th>Not Acceptable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food supplement e.g. cod-liver oil, vitamins and minerals</td>
<td>96.8</td>
<td>2.2</td>
<td>1.1</td>
</tr>
<tr>
<td>Food supplements containing substances that improve the ability to quickly recover after hard training</td>
<td>30.1</td>
<td>37.9</td>
<td>32.1</td>
</tr>
<tr>
<td>High-altitude chamber</td>
<td>30.0</td>
<td>34.4</td>
<td>35.6</td>
</tr>
<tr>
<td>EPO and other substances that improve endurance</td>
<td>1.8</td>
<td>3.7</td>
<td>94.5</td>
</tr>
<tr>
<td>Anabolic steroids, growth hormones and similar substances that make it possible to increase the quantity of training and muscle strength</td>
<td>0.7</td>
<td>0.8</td>
<td>98.6</td>
</tr>
<tr>
<td>Amphetamine and similar drugs that increase the ability to tolerate hard training and pain during contests</td>
<td>0.4</td>
<td>0.9</td>
<td>98.7</td>
</tr>
</tbody>
</table>
Doping in elite sport

TABLE 2 Opinions on doping – mean value
(1 = doping is very rare, 10 = doping is very common). The brackets present the standard deviations.

<table>
<thead>
<tr>
<th>SPORTS</th>
<th>INTERNATIONAL ATHLETES</th>
<th>95% CONFIDENCE INTERVAL</th>
<th>MEAN (SD)</th>
<th>95% CONFIDENCE INTERVAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>CYCLING</td>
<td>7.27 (2.108)</td>
<td>7.13 - 7.41</td>
<td>3.89 (2.375)</td>
<td>3.74 - 4.05</td>
</tr>
<tr>
<td>ATHLETICS</td>
<td>6.21 (2.014)</td>
<td>6.08 - 6.34</td>
<td>3.74 (2.094)</td>
<td>3.60 - 3.88</td>
</tr>
<tr>
<td>BOXING</td>
<td>6.07 (2.252)</td>
<td>5.92 - 6.22</td>
<td>4.16 (2.260)</td>
<td>4.01 - 4.32</td>
</tr>
<tr>
<td>CROSS-COUNTRY SKIING</td>
<td>5.34 (2.024)</td>
<td>5.21 - 5.47</td>
<td>3.04 (2.089)</td>
<td>2.91 - 3.18</td>
</tr>
<tr>
<td>ICE HOCKEY</td>
<td>4.93 (1.936)</td>
<td>4.80 - 5.06</td>
<td>3.37 (1.897)</td>
<td>3.24 - 3.49</td>
</tr>
<tr>
<td>BIATHLON</td>
<td>4.59 (2.117)</td>
<td>4.45 - 4.73</td>
<td>2.79 (2.058)</td>
<td>2.65 - 2.92</td>
</tr>
<tr>
<td>SKATING</td>
<td>4.51 (2.072)</td>
<td>4.37 - 4.65</td>
<td>2.88 (1.915)</td>
<td>2.75 - 3.00</td>
</tr>
<tr>
<td>BASKETBALL</td>
<td>4.49 (1.964)</td>
<td>4.36 - 4.63</td>
<td>2.91 (1.819)</td>
<td>2.79 - 3.04</td>
</tr>
<tr>
<td>ALPINE</td>
<td>3.69 (1.993)</td>
<td>3.55 - 3.81</td>
<td>2.61 (1.831)</td>
<td>2.49 - 2.73</td>
</tr>
<tr>
<td>SNOWBOARD</td>
<td>3.72 (2.040)</td>
<td>3.58 - 3.85</td>
<td>2.70 (1.863)</td>
<td>2.58 - 2.83</td>
</tr>
<tr>
<td>FOOTBALL</td>
<td>3.68 (1.806)</td>
<td>3.56 - 3.80</td>
<td>2.51 (1.701)</td>
<td>2.40 - 2.62</td>
</tr>
<tr>
<td>HANDBALL</td>
<td>3.38 (1.748)</td>
<td>3.27 - 3.50</td>
<td>2.35 (1.630)</td>
<td>2.24 - 2.46</td>
</tr>
<tr>
<td>SKI JUMPING</td>
<td>3.17 (1.945)</td>
<td>3.05 - 3.30</td>
<td>2.30 (1.743)</td>
<td>2.19 - 2.42</td>
</tr>
<tr>
<td>MOTOR SPORT</td>
<td>2.75 (1.810)</td>
<td>2.63 - 2.88</td>
<td>2.19 (1.613)</td>
<td>2.08 - 2.30</td>
</tr>
</tbody>
</table>

The results clearly indicated no acceptance of ‘pure’ doping substances such as EPO, anabolic steroids and amphetamine. On the other hand, the overwhelming majority were positive towards the use of traditional food supplements, vitamins and minerals. The results were mixed with regard to so-called ‘grey zone’ stimulants.

Opinions on the use of doping in elite sport

Table 2 shows the respondents' opinions on the use of doping among elite athletes in the 14 sports the survey investigated – in other words, whether doping was common or rare. A scale from 1 to 10 was used, with 1 indicating that doping was very rare, while 10 indicated that it was very common. The results revealed that people were more suspicious towards international athletes than towards domestic athletes. These differences were significant (p<0.01) for all the 14 sports, according to t-tests. One reason for this may be that many people have a tendency to think better of themselves than of others – in other words, chauvinism. However, it is also worth bearing in mind that the number of Norwegian athletes that have been involved in doping is quite moderate compared to those of other nations.

Cycling was top of the ‘bad list’, probably due to the number of scandals surrounding the Tour de France. Athletics and cross-country skiing have also had their scandals over the years, which can explain their high positions on the bad list.

The survey also investigated opinions on how commercial stakeholders involved in sport should react towards athletes and teams exposed in doping. These questions were based on a Likert scale from 1 to 10 (1 = totally disagree, 10 = totally agree). One motivation behind these questions was to investigate whether the tendency among sponsors and TV broadcasters to withdraw from doping sports actually corresponds to the views of the general public. As regards the questions about how broadcasters should
react, the respondents were asked to imagine a sporting event with repeated doping scandals, such as the Tour de France. The sponsor-related questions speak for themselves. Table 3 shows that the majority were in favour of tough reactions to athletes involved in doping. Average values of 8.82 and 8.60 indicated strong backing for sponsors that either reduced their support or withdrew from ‘doping sports’ such as cycling. For these two reactions (reduction of support and withdrawal), 86% and 80% respectively graded their agreements at 8 or higher. A large proportion supported the idea that athletes and sports federations that were exposed in doping should pay back the support of their sponsors (average value = 7.37; 58% in the 8-10 interval).

Regression analyses
The variables in Table 3 were also potential candidates as dependent variables in the regression analysis. The results tell us that an overwhelming majority did not accept elite athletes using doping substances. This universal agreement also reduced the ability to investigate which variables affected their opinions. However, it is likely that such questions stimulate people to answer in a manner of political correctness. Negative effects of doping are well documented. Therefore, very few (if any) openly declare themselves positive towards the use of doping among elite athletes. It was therefore necessary to dig a little deeper into the material to explore differences in opinions. This does not mean that we distrusted people who declared themselves negative towards doping, but that we believe that a ‘no to doping’ response can hide differences in attitude. Some will consider doping as a more serious, and negative, threat to sport than others. One way of uncovering such differences is to ask for opinions about appropriate reactions from commercial actors, such as TV broadcasters and sponsors. This is another reason behind some of the questions in Table 3.

We ran five alternative regression analyses. These regressions had different dependent variables but identical independent variables. The results are presented in Tables 4–8. The dependent variables were related but of a different character. The dependent variable in Table 4 measured to what extent sponsors should reduce the support to athletes who are exposed in doping.

### Table 3

<table>
<thead>
<tr>
<th>Reaction</th>
<th>Mean</th>
<th>95% Confidence Interval</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sponsors should reduce the support to athletes who are exposed in doping</td>
<td>8.82</td>
<td>8.67-8.96</td>
<td>2.303</td>
</tr>
<tr>
<td>Sponsors should withdraw from sports with repeated doping exposures</td>
<td>8.60</td>
<td>8.45-8.75</td>
<td>2.355</td>
</tr>
<tr>
<td>TV broadcasters should continue broadcasting the event – but use large resources to focus on doping</td>
<td>7.40</td>
<td>7.24-7.56</td>
<td>2.500</td>
</tr>
<tr>
<td>Sponsors should demand the money back from athletes/sports federations in cases of doping exposures (Table 7)</td>
<td>7.37</td>
<td>7.20-7.55</td>
<td>2.732</td>
</tr>
<tr>
<td>Sponsors should withdraw from sports at first-time doping exposure (Table 5)</td>
<td>6.78</td>
<td>6.57-6.98</td>
<td>3.020</td>
</tr>
<tr>
<td>I will be less interested in purchasing products from sponsors involved in sports that are exposed to doping (Table 6)</td>
<td>5.97</td>
<td>5.73-6.15</td>
<td>3.176</td>
</tr>
<tr>
<td>TV broadcasters should quit broadcasting from events with repeated doping exposure (Table 8)</td>
<td>5.71</td>
<td>5.50-5.92</td>
<td>3.213</td>
</tr>
<tr>
<td>Commercial actors (TV/sponsors) continuing to be involved in doping sports/events are accomplices in doping (Table 4)</td>
<td>5.52</td>
<td>5.35-5.69</td>
<td>2.620</td>
</tr>
</tbody>
</table>
Doping in elite sport

### TABLE 4
Commercial actors who continue to be involved in doping sports are accomplices in doping

<table>
<thead>
<tr>
<th>R-SQUARE</th>
<th>ADJUSTED R-SQUARE</th>
<th>ST. ERROR OF THE ESTIMATE</th>
<th>DURBIN WATSON</th>
</tr>
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<tbody>
<tr>
<td>0.164</td>
<td>.154</td>
<td>2.46961</td>
<td>2.058</td>
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</table>

<table>
<thead>
<tr>
<th>UNSTANDARDISED COEFFICIENTS</th>
<th>STANDARDISED COEFFICIENTS</th>
<th>T-VALUE</th>
<th>SIGN.</th>
<th>COLLINEARITY STATISTICS</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>STD. ERROR</td>
<td>BETA</td>
<td></td>
<td>TOLERANCE</td>
</tr>
<tr>
<td>CONSTANT 4.472</td>
<td>.566</td>
<td>7.904</td>
<td>.000</td>
<td>.965</td>
</tr>
<tr>
<td>AGE² .000</td>
<td>.000</td>
<td>.302</td>
<td>6.881</td>
<td>.000</td>
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<tr>
<td>SPORTS INTEREST -23.8</td>
<td>.064</td>
<td>-.180</td>
<td>-3.692</td>
<td>.000</td>
</tr>
<tr>
<td>UNCERTAINTY .156</td>
<td>.048</td>
<td>.141</td>
<td>3.234</td>
<td>.001</td>
</tr>
<tr>
<td>IDENTIFYING .019</td>
<td>.052</td>
<td>.017</td>
<td>.367</td>
<td>.714</td>
</tr>
<tr>
<td>CALCULATIVE .157</td>
<td>.047</td>
<td>.150</td>
<td>3.337</td>
<td>.001</td>
</tr>
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</table>

### TABLE 5
Sponsors should withdraw from sport at first time doping exposure

<table>
<thead>
<tr>
<th>R-SQUARE</th>
<th>ADJUSTED R-SQUARE</th>
<th>ST. ERROR OF THE ESTIMATE</th>
<th>DURBIN WATSON</th>
</tr>
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<tbody>
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<td>.039</td>
<td>.029</td>
<td>3.024</td>
<td>2.085</td>
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<th>T-VALUE</th>
<th>SIGN.</th>
<th>COLLINEARITY STATISTICS</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>STD. ERROR</td>
<td>BETA</td>
<td></td>
<td>TOLERANCE</td>
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<tr>
<td>CONSTANT 5.871</td>
<td>.688</td>
<td>8.532</td>
<td>.000</td>
<td>.963</td>
</tr>
<tr>
<td>AGE² .000</td>
<td>.000</td>
<td>.114</td>
<td>2.437</td>
<td>.015</td>
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<tr>
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<td>.079</td>
<td>-.081</td>
<td>-1.555</td>
<td>.121</td>
</tr>
<tr>
<td>UNCERTAINTY .124</td>
<td>.059</td>
<td>.098</td>
<td>2.107</td>
<td>.036</td>
</tr>
<tr>
<td>IDENTIFYING .012</td>
<td>.064</td>
<td>.009</td>
<td>.182</td>
<td>.856</td>
</tr>
<tr>
<td>CALCULATIVE .131</td>
<td>.057</td>
<td>.109</td>
<td>2.281</td>
<td>.023</td>
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</table>

### TABLE 6
I will be less interested in purchasing goods from sponsors involved in “doping sports/athletes”

<table>
<thead>
<tr>
<th>R-SQUARE</th>
<th>ADJUSTED R-SQUARE</th>
<th>ST. ERROR OF THE ESTIMATE</th>
<th>DURBIN WATSON</th>
</tr>
</thead>
<tbody>
<tr>
<td>.119</td>
<td>.109</td>
<td>2.956</td>
<td>2.107</td>
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</table>

<table>
<thead>
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<th>UNSTANDARDISED COEFFICIENTS</th>
<th>STANDARDISED COEFFICIENTS</th>
<th>T-VALUE</th>
<th>SIGN.</th>
<th>COLLINEARITY STATISTICS</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>STD. ERROR</td>
<td>BETA</td>
<td></td>
<td>TOLERANCE</td>
</tr>
<tr>
<td>CONSTANT 5.946</td>
<td>.674</td>
<td>8.820</td>
<td>.000</td>
<td>.962</td>
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<tr>
<td>AGE² .000</td>
<td>.000</td>
<td>.213</td>
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</tr>
<tr>
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<td>.057</td>
<td>.112</td>
<td>2.512</td>
<td>.012</td>
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<td>-.080</td>
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<td>.102</td>
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<tr>
<td>CALCULATIVE .208</td>
<td>.056</td>
<td>.169</td>
<td>3.683</td>
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</table>

International Journal of Sports Marketing & Sponsorship • APRIL 2010 •
degree the respondents regarded commercial actors, such as TV broadcasters and sponsors, who continued to be involved in doping sports, as actual accomplices in doping. The other regressions analysed what were considered to be appropriate reactions in cases of doping, from the respondents themselves, as well as from sponsors and TV broadcasters. The idea that sponsors should demand their money back from athletes/teams exposed in doping scandals has been addressed in previous research, e.g. by Haugen (2004) and Eber (2006), which both focused on how to reduce the economic incentives to doping. However, the regression analysis that used this suggestion as the dependent variable was unsuccessful in explaining the variance. The F-statistic was so low that the regression was rejected (p = 0.258).

Only one of the independent variables (uncertainty of outcome) was significantly correlated with the dependent variable. Hence, the results in Table 3 documented that the majority backed the idea (mean = 7.37), while the regression analysis was unable to explain the variance of the variable. Additionally, the dependent variables were supplemented with age and sports interest.

### TABLE 7
Sponsors should demand the money back from athletes/teams exposed in doping

<table>
<thead>
<tr>
<th>R-SQUARE</th>
<th>UNSTANDARDISED COEFFICIENTS</th>
<th>STANDARDISED COEFFICIENTS</th>
<th>T-VALUE</th>
<th>SIGN.</th>
<th>COLLINEARITY STATISTICS</th>
</tr>
</thead>
<tbody>
<tr>
<td>.014</td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>ADJUSTED R-SQUARE</td>
<td>ST. ERROR OF THE ESTIMATE</td>
<td>DURBIN WATSON</td>
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<td></td>
</tr>
<tr>
<td>.003</td>
<td>2.691</td>
<td>2.046</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>CONSTANT</td>
<td>7.048</td>
<td>.615</td>
<td>11.467</td>
<td>.000</td>
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</tr>
<tr>
<td>AGE^2</td>
<td>6.112E-5</td>
<td>.000</td>
<td>.037</td>
<td>.781</td>
<td>.435 .965 1.036</td>
</tr>
<tr>
<td>SPORTS INTEREST</td>
<td>-.076</td>
<td>.070</td>
<td>-.057</td>
<td>-1.086</td>
<td>.278</td>
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<tr>
<td>UNCERTAINTY</td>
<td>.105</td>
<td>.052</td>
<td>.095</td>
<td>2.017</td>
<td>.044</td>
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<tr>
<td>IDENTIFYING</td>
<td>.049</td>
<td>.057</td>
<td>.045</td>
<td>.871</td>
<td>.384</td>
</tr>
<tr>
<td>CALCULATIVE</td>
<td>-.022</td>
<td>.051</td>
<td>-.021</td>
<td>-.436</td>
<td>.663</td>
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</tbody>
</table>

### TABLE 8
TV stations should stop broadcasting from events with repeated doping exposure

<table>
<thead>
<tr>
<th>R-SQUARE</th>
<th>UNSTANDARDISED COEFFICIENTS</th>
<th>STANDARDISED COEFFICIENTS</th>
<th>T-VALUE</th>
<th>SIGN.</th>
<th>COLLINEARITY STATISTICS</th>
</tr>
</thead>
<tbody>
<tr>
<td>.116</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>ADJUSTED R-SQUARE</td>
<td>ST. ERROR OF THE ESTIMATE</td>
<td>DURBIN WATSON</td>
<td></td>
<td></td>
</tr>
<tr>
<td>.106</td>
<td>3.124</td>
<td>2.032</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CONSTANT</td>
<td>5.087</td>
<td>.709</td>
<td>7.173</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>AGE^2</td>
<td>.001</td>
<td>.000</td>
<td>.276</td>
<td>6.145</td>
<td>.000 .963 1.039</td>
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<tr>
<td>SPORTS INTEREST</td>
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<td>.081</td>
<td>-.117</td>
<td>-2.342</td>
<td>.020</td>
</tr>
<tr>
<td>UNCERTAINTY</td>
<td>.147</td>
<td>.061</td>
<td>.108</td>
<td>2.423</td>
<td>.016</td>
</tr>
<tr>
<td>IDENTIFYING</td>
<td>-.040</td>
<td>.066</td>
<td>-.030</td>
<td>-6.09</td>
<td>.543</td>
</tr>
<tr>
<td>CALCULATIVE</td>
<td>.094</td>
<td>.059</td>
<td>.073</td>
<td>1.582</td>
<td>.114</td>
</tr>
</tbody>
</table>
Age
The regression analyses clearly confirmed that the older people were, the more negative they were towards doping. The fact that a squared function had the highest explanatory power indicated that the correlation grew along the age axis. This pattern applied to all variables, with the exception of the idea that sponsors should demand their money back from athletes and teams involved in doping.

Interest in sport
The more interested people were in sport, the more liberal were their attitudes towards doping. First, they tended to disagree that the commercial actors who continued to be involved in doping sports were accomplices in doping. Second, the same tendency of disagreement applied to the suggestion that TV stations should cease broadcasting events such as the Tour de France that had had repeated doping exposure. We can only speculate about the reasons for this pattern. One alternative may be that for this group, the desire to watch sport was stronger than the reluctance toward doping. Furthermore, they also tended to be less motivated to reduce their purchases from sponsors involved in sports where doping occurred than from others. For the remaining two variables that were tested (sponsors should withdraw from sport at first-time doping exposures and sponsors should demand the money back from athletes/teams exposed in doping), the regression analyses did not show any correlation with the dependent variable.

Uncertainty of outcome
Uncertainty of outcome turned out to be the variable with the strongest correlation with attitudes towards doping. The more the uncertainty of outcome was emphasised, the more negative people were towards doping. Indeed, this pattern applied to all the alternative dependent variables. Our data do not provide any information to indicate the reason for this. It may be that even if people have a preference for a high degree of uncertainty, they do not wish this uncertainty to be affected by artificial means, such as through doping. They only accept uncertainty that is created by legitimate factors, such as talent, training methods, preparation and whatever permissible means can influence the ranking order of competitors.

Identifying with teams/athletes
The variable called identifying (with teams/athletes) did not show any correlation with the attitudes towards doping. Indeed, this applied to all the alternative dependent variables. This may indicate that those who strongly identify themselves with specific teams/athletes are less affected by doping scandals than others. These groups of fans support their heroes independently of whether or not they are ‘clean’. One reason for this may be that if the emotions are strong, then people are willing to forgive illegal behaviour. They continue to cultivate their sports idols, independently of whether those idols use illegal substances. Another potential explanation is that this group of fans simply does not care as much as others do about doping and its negative effects.

Calculative motive
Respondents who emphasised the calculative motive were more negative towards doping than the others, a pattern that was reflected in three of the five regression analyses. We find such a pattern reliable for the reasons discussed above. Those who are attracted to sport mainly because of betting motives want to operate in conditions where they can handle the job of predicting the outcome without too many difficulties. Indirectly, it is the uncertainty of outcome that attracts them to sport. Their aim is to handle this better than others. Doping, however, complicates this job. From this perspective, the negative correlation that was documented in the regression analyses makes sense. Assuming this pattern is correct, the sports which are unable to solve the doping problem may find it harder to recruit and keep fans that particularly emphasise the calculative motive.
Conclusion

The first section of this paper presented anecdotal evidence, indicating that commercial stakeholders such as sponsors and TV broadcasters have become reluctant to become involved in sports that are repeatedly involved in doping scandals. This development has caused problems for sports such as cycling, where sponsors and TV broadcasters have withdrawn from events.

An empirical survey of more than 900 Norwegian respondents, which investigated views and attitudes towards the use of doping in elite sport, supported such reactions towards ‘doping sports’. The overwhelming majority expressed non-acceptance of substances such as EPO, anabolic steroids and amphetamine, but had mixed attitudes towards so-called ‘grey zone’ substances and high-altitude chambers. The findings are similar to a long-term study (1995-2004) in Switzerland that documented increasing support for a comprehensive anti-doping strategy (Stamm et al., 2008).

Respondents were more suspicious towards international athletes than towards national elite athletes, and this pattern applied to all the 14 sports mentioned in the research interview. The majority of respondents were in favour of strict reactions from sponsors towards athletes and sports involved in doping. This included reactions such as reductions in support to athletes. They also supported the idea that sponsors should withdraw from doping sports. The same applied to the suggestion that sponsors should demand their money back from athletes and sports federations involved in doping. These findings correspond to recommendations from Haugen (2004) and Eber (2006), which emphasise the importance of reducing the economic incentives to use illegal substances.

The regression analyses showed that the older people were, the more negative their attitude towards doping. Older people supported sanctions towards athletes to a much higher degree than did younger people. The fact that a squared function had the highest explanatory power indicates that the negative attitudes grew with age.

By contrast, people who were interested in sport expressed more liberal attitudes towards doping than others. They were less eager to punish the athletes and the sports governing bodies exposed in doping scandals. Furthermore, they did not blame to the same degree as other respondents TV broadcasters that continued to broadcast from doping events.

Finally, it is important to keep in mind that the regression models displayed low adjusted R-squared values, which is an indication of a poor model fit. The general model (including both genders) displayed a significantly lower degree of explanatory power than the pure ‘male model’. Our model provides some explanation of men’s attitudes towards TV broadcaster and sponsor involvement in sports and events with doping problems, but it was unsuccessful in explaining women’s attitudes. Overall, this indicates that the theoretical framework and empirical modelling our study is built upon is somewhat limited in explaining variation in the dependent variables selected.

Despite successfully explaining demand for sport, the study has only limited success in explaining what forms people’s attitudes towards doping in elite sport. Hence, further research is needed to provide insight into this phenomenon. This would also involve investigation into the reasons behind the correlations that were uncovered in our analyses. Future research should also consider factors and theoretical perspectives other than those presented in this paper.

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Biographies

Harry Arne Solberg is a professor of sports economics at Trondheim Business School, Sør-Trøndelag University College. He has been involved in research into the economic impacts of sport and sports activities, particularly for sporting events, sport and the media and, more recently, team sports economics.

Dag Vidar Hanstad is an associate professor in the Department of Cultural and Social Studies at the Norwegian School of Sport Sciences. His research interests include sports politics, doping and anti-doping, media, elite sport and organisational change.

Thor Atle Thøring is an assistant professor at Trondheim Business School, Sør-Trøndelag University College. His research interests includes analysis of the demand for sport.

References


Negative sponsor behaviour, team response and how this impacts fan attitudes

Keywords
sports sponsorship
team identification
sponsor behaviour
balance theory
fan attitude

Executive summary
Sponsorship has flourished within the sports industry in recent years, with Howard and Crompton (2005) reporting that sports organisations received 69% of all sponsorship investments, totalling more than $10 billion dollars, in 2007 (Sport Business Journal, 2007). However, there has been little consideration of the consequences of these sponsoring relationships when one of the organisations is involved in a public scandal.

Corporate scandals or impropriety are not a new or uncommon phenomenon. A quick glance at the daily news often provides stories of companies involved in negative activities ranging from the mistreatment of workers to upper-level management greed, environmental disregard or severe product malfunction. The rise of corporate sponsorship of athletic events and teams has thrust such ‘offences’ or controversies into the sports world spotlight, and sports managers must determine the best method to handle such situations so as not to disenfranchise their core fans.

This research examines the fan-team-sponsor relationship. It focuses on how the sports team’s response to negative sponsor behaviour affects fan/spectator attitudes towards the sponsor. Results indicate that highly identified fans have significantly more positive attitudes towards the team sponsor than fans who are lower in identification. Highly identified fans informed of a negative action by a team sponsor felt more favourably towards the sponsor if the team continued, rather than terminated, their relationship with the sponsor.

Abstract
This research examines the fan-team-sponsor relationship. It focuses on how the sports team’s response to negative sponsor behaviour affects fan/spectator attitudes towards the sponsor. Results indicate that highly identified fans have significantly more positive attitudes towards the team sponsor than fans who are lower in identification. Highly identified fans informed of a negative action by a team sponsor felt more favourably towards the sponsor if the team continued, rather than terminated, their relationship with the sponsor.

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Peer reviewed
identification level with a regional NFL team. Two weeks later participants in the groups were randomly assigned one of four treatments consisting of a created newspaper article. The article established the relationship between the team and sponsor, provided information about the sponsor and gave the team response to the information. The four conditions included:

1. control group, in which information about the team sponsor was provided that was neither positive nor negative (N=80)
2. negative information with no team response (N=76)
3. negative information with team continuing the team-sponsor relationship (N=83)
4. negative information with team terminating the team-sponsor relationship (N=84).

Data were analysed using analysis of variance (ANOVA). Results indicated highly identified fans had significantly (p<.033) more positive attitudes towards the team sponsor than those lower in identification. Additionally, the results revealed a significant interaction between the level of team identification and the type of team response on fans' attitudes towards the sponsor (F(2, 162) = 3.35, p<.037, η=.04). Highly identified fans who were told their team was continuing the relationship with the sponsor despite the sponsor’s negative behaviour had a significantly more positive attitude towards the sponsor than those who thought the team was terminating the relationship.

The results of this study indicate the positive aspects of team sponsorship. Once the relationship between team and sponsor is established, the sponsor becomes a member of a tight network of fans. Simply by being a member of this ingroup, the sponsor is looked upon more favourably by highly identified fans. Even in the wake of unflattering press, highly identified fans exhibited more favourable attitudes towards the sponsor than less identified fans.

Of particular importance, however, was the reaction of the team to the negative information. When the team showed support and continued their relationship with the sponsor, highly identified fans felt much more favourably towards the sponsor than when the team decided to terminate the relationship. Sponsoring organisations must understand that being a member of the ingroup (i.e. having a sponsoring relationship with a team) provides a great deal of security for the sponsor when negative events become public. Therefore, nurturing the team relationship is essential, and working to remain associated with the team following negative publicity or actions is imperative to the continued support of highly identified fans of the team.

Introduction

Meenaghan (1991, p.36) defined sponsorship as “an investment, in cash or in kind, in an activity, in return for access to the exploitable commercial potential associated with that activity”. One of the biggest differences between sponsorship and traditional advertising involves the development of a relationship between sponsor and consumer. Crompton (2004) stated that sponsors design messages “to establish an intimate and emotionally involved relationship(s) with a target audience” (p.270). While sponsorship has flourished within the sports industry in recent years, with Howard and Crompton (2005) reporting that sports organisations received 69% of all sponsorship investments, which totalled more than $10 billion dollars in 2007 (Sport Business Journal, 2007), there has been little consideration of the consequences of these sponsoring relationships when one of the organisations is involved in a public scandal.

For instance, in 1999 Enron Energy Services agreed to a contract worth more than $150 million dollars for the title rights to the new Houston Astros stadium (Muret, 1999). However, by late 2001, Enron had filed for bankruptcy amid an investigation of criminal activity and the Astros were left scrambling to determine the best course of action. The Astros originally stood by their corporate sponsor, stating:
“Until there’s no longer a company, it’ll be called Enron Field” (Sports Illustrated, 2001). Yet just a few months later, with continuing controversy surrounding Enron, the Astros paid $2.1 million to buy back the naming rights to their stadium and began the process of distancing themselves from the sponsor (Isidore, 2002), a move Astros’ officials said was necessary “because it felt negative public perception was reflected upon the team” (Bruss, 2002, p.82).

The Enron case may be considered an extreme example, but is not an isolated incident of ‘sponsorship gone wrong’. For instance, athletic sponsors such as Nike (Global Exchange, 2006), Coca-Cola (Killer Coke, 2006) and PNC Financial Services Group, Inc. (Leone, 2002) have all found themselves subjects of public controversy. Corporate scandals or impropriety are not a new or uncommon phenomenon. A quick glance at the daily news will often provide stories of companies involved in negative activities ranging from the mistreatment of workers to upper-level management greed, environmental disregard or severe product malfunction. However, the rise of corporate sponsorship of athletic events and teams has thrust such offences into the sports world spotlight, and sports managers must determine the best method to handle such situations so as not to disenfranchise their core fans.

The purpose of this research was to examine fans’ affective responses to negative information regarding a sponsor of a sports team. Further, it examined how various team responses to sponsor impropriety affect fan attitudes. In other words, how does a report of an illegal or immoral incident involving a team sponsor impact fans? And how does the team’s response to the allegations (i.e. either continuing or terminating the sponsor relationship) impact fan attitudes?

The research considers a relationship between fan, team and sponsor conceptualised in terms of team identification and based in social identity theory (Tajfel & Turner, 1986) and balance theory (Heider, 1958). The following sections will elaborate on these theories and lead to specific research hypotheses.
Driver's sponsor. Dalakas and Levin also found a relationship between fans' least favourite driver and the least favourite driver's sponsor. Fans felt much stronger dislike for a brand that sponsored a driver they did not like.

The key to this relationship is in the strength of the relationship to the team. Fans highly identified with a team will also feel the need to have positive feelings regarding a team sponsor. A number of research studies have supported this positive relationship between team identification and attitude towards a sponsor, as well as increased intention among highly identified fans to purchase sponsor products (Cornwell & Coote, 2005; Gwinner & Swanson, 2003; Madrigal, 2000, 2001). These results suggest a sponsor can connect to a sports organisation and capitalise on the relationship between consumer and team (Madrigal, 2000). A sports organisation is a part of a highly identified fan's self-conceptualisation, and by attaching a product or brand to the team, sponsors become intertwined in part of a "consumer's extended self" (Madrigal, 2000, p.22). This leads to the first hypothesis:

**H1:** Highly identified fans will have more positive attitudes towards the team sponsor than those lower in identification.

**Negative sponsor information**

Given the potentially strong relationship between a fan, a team, and a sponsor, it seems natural to consider the reciprocal effects that might occur when a sponsor commits an immoral or incompetent act. In fact, Kuzma et al (2003) examined the effect of negative sponsor information on consumers' attitudes and purchase intentions. The results revealed that negative information about a sponsor resulted in negative attitudes towards that sponsor and the sponsored university, and also negatively impacted purchase intention for the sponsor's product. However, the research failed to consider the impact team identification may have had on attitudes and intentions, as the participants of the study were not affiliated with or attached to with the team or sponsored university; it did not take team identification into consideration and essentially only measured outgroup (i.e. non-fan) attitudes and intentions.

Research has shown that highly identified and less identified group members respond differently when presented with negative information about anything associated with the group (Cohen & Garcia, 2005; Ellemers et al, 2002). Specifically, highly identified group members tend to cope with a group threat by reaffirming their group membership (Cohen & Garcia, 2005; Ellemers et al, 1997), while lower identified group members respond by distancing themselves from the group (Cohen & Garcia, 2005; Lickel et al, 2005). Thus, if presented with negative information about a team's sponsor, highly identified fans should react differently than those with lower levels of identification. Balance theory suggests that highly identified fans would need to reconcile any negative information about a team sponsor in order to maintain their 'balanced' state so they maintain their positive feelings about the sponsor.

**Team response**

However, the response of the team would be key for this 'balanced' equation. That is, the team's response to sponsor impropriety should impact fan responses since it is the connection with the team that impacts fan attitudes towards sponsors (Gwinner & Swanson, 2003; Madrigal, 2000). If a team denounces a sponsor after an impropriety, fans may no longer see the sponsor as an ingroup member and may no longer need to feel a balance between the team and the sponsor.

Additionally, a team response to continue the team-sponsor relationship should act to maintain the ingroup status of the sponsor, at least for highly identified fans. As stated earlier, literature has shown that highly identified group members partake in ingroup bias and feel more favourably towards ingroup members (Wann & Branscombe, 1995; Wann &
Dolan, 1994), even when presented with negative information about something connected with the group (Cohen & Garcia, 2005; Ellemers et al, 1997). While the failure of a group member is a threat to the group’s identity, groups have numerous coping methods for reconciling the action of the sponsor with the ideals of the group, including the ability to engage in biased attribution processing (Cohen, 2003; Wann & Dolan, 1994; Wann, 1995) or actually altering the information provided to make it more palatable (Cohen, 2003).

Whatever mechanisms highly identified group members use, the fact is, they typically maintain positive feelings about other ingroup members, especially if other members of the group maintain allegiance to them (Fink et al, 2009). Thus the team response to sponsor impropriety is very important. If the team supports the sponsor, the fan should continue to see the sponsor as an ingroup member. If the team denounces the sponsor, the fans may view the sponsor as an outgroup member. This leads to the second hypothesis:

**H2** There will be a significant interaction effect between level of team identification and team response on fan attitudes towards the sponsor who commits an impropriety.

### Methodology

This research implemented an experimental design and data were collected from students (N=323) enrolled in sport, fitness and health classes at a large Midwestern university. Participants were given a short questionnaire assessing their identification level with a regional NFL team. Results were used to group the participants into high (top 33%) (N=107, M=7.49) and low (bottom 33%) (N=112, M=1.00) identification groups (Haugtvedt et al, 1992). Two weeks later participants in the groups were randomly assigned one of four treatments consisting of a fictional newspaper article. The article established the relationship between the team and sponsor, provided information about the sponsor and gave the team response to the information. The four treatments included:

1. control group, in which information about the team sponsor was provided that was neither positive nor negative (N=80)
2. negative information with no team response (N=76)
3. negative information with team continuing the team-sponsor relationship (N=83)
4. negative information with team terminating the team-sponsor relationship (N=84).

Random assignment was utilised to ensure internal validity. Participants were then asked to respond to a questionnaire measuring their attitude towards the sponsor.

### Manipulations

Four fictional newspaper articles were created for this research. The format and layout of the articles were identical and resembled an actual online article from the town newspaper. Three of the articles included the exact same negative information about the sponsor of an NFL team. The negative information implicated the sponsor in a series of unethical and inhumane events (i.e. unsafe working conditions, low pay and extreme hours for their employees). The only difference in the three articles was in the response by the NFL team. One article stated that the team was aware of the impropriety but was remaining loyal and continuing its relationship with its sponsor. Another article stated that the team was terminating its relationship with the sponsor in light of the negative events. The third article did not include a comment or position from the team. The fourth article consisted of neutral information about the team sponsor – a new CEO had been hired – and was used as a control. The sponsor name in all of the articles was covered using a black mark and the participants were told the sponsor could not be revealed due to privacy reasons.
A manipulation check was conducted, using a panel of experts followed by a pretest, prior to the commencement of the study. The panel of experts included sports management faculty members who examined the negative information for believability, soundness of argument and perceived level of negativity. Suggestions from the experts were used to alter the manipulation prior to the pretest.

The pretest used 60 students who were similar to the population used in the study. Pretest participants read one of the four scenarios and were asked to complete a three item scale ($\alpha=.83$) drawn from the work of Johns et al (2005). The items were measured on a seven-point summated scale and were worded as follows:

How severe did this event seem to you? (not very severe at all / extremely severe)

How much damage or harm did this event have for other people? (not harmful at all / extremely harmful)

Regardless of what others might have thought, how wrong did you think this event was? (I didn't think the event was wrong / I thought the event was very wrong)

Additionally, the manipulation check examined the two different team responses to ensure each was clear and unambiguous. The manipulation check consisted of two items which stated:

1. Are the (NFL Team) aware of the incident their team sponsor is involved in?
2. Did the (NFL Team) choose to continue or end their relationship with their sponsor?

Results of the manipulation check revealed that the negative information manipulations were, in fact, deemed negative and participants accurately identified the NFL team’s response to the negative information. Specifically, reliability for the four-item negativity scale was high ($\alpha=.94$) and a t-test revealed significant differences ($p<.001$) between the participants who read the irrelevant information ($M=2.6$, $SD=1.23$) and those who read the negative information ($M=5.61$, $SD=.95$). Additionally, 99% of the participants correctly indicated that the NFL team was aware of the incident and 98% of the participants correctly indicated the NFL team’s response (continuing or terminating sponsor relationship) to the negative incident. Thus the manipulations were determined to be successful for this experiment.

**Variables**

This study included three independent variables (information about a sponsor, team identification and team response) and one dependent variable (attitude towards the sponsor). Independent variables are:

**Information about a sponsor**

This variable included two levels: negative information and irrelevant information. These are described above in the manipulation section.

**Team identification**

This variable is operationally defined as the summated score on a four-item scale drawn from the work of Trail and James (2001). The items ‘Regardless of whether the (NFL team) win or lose, I will continue to support them’, ‘I would experience a loss if I had to stop being a fan of the team’, ‘I consider myself to be a real fan of the (NFL team) and ‘Being a fan of the (NFL team) is very important to me’ were measured on eight-point scale ranging from strongly agree (1 or 8?) to strongly disagree (8 or 1?). The measure was deemed reliable ($\alpha=.98$).

**Team response**

Response of the team to the sponsor’s improprieties was the third independent variable and consisted of three levels: no team response, a team response terminating the relationship with the sponsors and a team response reaffirming the relationship with the sponsor. These are described in the manipulation section above.
The dependent variable is:

**Attitude towards the sponsor**

This was the dependent variable in the study. Attitude towards the sponsor was operationally defined as the mean score of a three-item semantic differential scale ($\alpha=.99$) which followed the work of Roy and Cornwell (2003). The stem asked for feelings towards the sponsor and the anchors for the eight-point scale were ‘favourable/unfavourable’, ‘bad/good’ (reverse scored) and ‘positive/negative’.

**Results and analysis**

Descriptive statistics (mean, standard deviation and frequencies) were calculated to describe the variables of interest. The means and standard deviations of variables of interest can be seen in Table 1.

Hypothesis 1 predicted that highly identified fans would have more positive attitudes towards the team sponsor than those lower in identification, and was tested using a one-way ANOVA to compare means of participants in the irrelevant information treatment group. The irrelevant information (i.e. control) group (N=55) was used for this analysis as this was the only group that did not receive negative information about the fictitious sponsor. Thus any differences in attitudes towards the sponsor could be attributed to the independent variable. Identification level (i.e. high, low) was used as the independent variable and participant attitude towards the sponsor was the dependent measure. The overall model was significant ($F(2, 76) = 3.61, p<.03, \eta^2 = .09$) and there was a significant difference ($p<.04$) in attitudes towards the team sponsor between highly identified fans ($M=6.03, SD=1.34$) and lower identified fans ($M=5.06, SD=1.49$). Highly identified fans felt more favourably towards the team sponsor than lower identified fans. Thus $H1$ was supported.

Hypothesis 2 predicted that there would be a significant interaction effect between the level of team identification and team response on consumer
Negative information on a sponsor

This research aimed to investigate how negative information about a sponsor affects attitudes towards the sponsor. This was tested using a univariate ANOVA. A 2x3 factorial design was used with identification group (high N=81, low N=83) and treatment group (negative information/no response N=53, negative information/terminate N=58, negative info./continue N=53) serving as the independent variables and attitude towards sponsor serving as the dependent variable. The overall model was significant ($F(5, 159) = 6.09, p<.001, \eta^2 = .16$). There were significant main effects for treatment group ($F(2, 162) = 4.96, p<.008, \eta^2 = .06$), as those in the 'continued relationship' group had the highest mean scores. There was also a main effect for identification group ($F(1, 163) = 13.97, p<.001, \eta^2 = .08$), as those higher in identification had more positive attitudes towards the sponsor. However, most importantly, there was a significant interaction between treatment x identification group (see Table 2): ($F(2, 162) = 3.35, p<.04, \eta^2 = .04$). Thus H2 was supported. Follow-up analysis revealed a significant difference ($p<.005$) in attitudes towards the team sponsor between highly identified fans in the negative information/continue response condition ($M=3.46$) and highly identified fans in the negative information/terminate response condition ($M=2.01$). Thus, as expected, highly identified fans who thought the team was continuing the relationship with the sponsor had significantly more positive attitudes towards the sponsor than those who thought the team was terminating the relationship, and this explained 4.1% of variance in the attitude scores. Interestingly, the mean score for the group who received no team response was lower ($M=2.56$) than the continued response condition, but it was not significantly lower. Additionally, as expected, there was no interaction effect for those lower in identification (See Table 3).

In summary, the analyses revealed support for both hypotheses. Highly identified fans felt more favourably towards the team sponsor than lower identified fans. Additionally, there was an interaction between the level of team identification and the team response for consumer attitudes towards the sponsor. Specifically, the interaction indicated that highly identified fans presented with negative information regarding a team sponsor felt more favourably towards that team sponsor if the team chose to continue their relationship with the sponsor that when the team chose to terminate the relationship with the sponsor. These results are discussed more fully in the next section.

### Discussion

Previous work has reported that fan attitude towards a team sponsor is partially dependent on the strength of the fan connection to the team (Cornwell & Coote, 2005; Gwinner & Swanson, 2003; Madrigal, 2000). This research supports these findings. Analyses

<table>
<thead>
<tr>
<th>IDENTIFICATION GROUP</th>
<th>TREATMENT GROUP</th>
<th>MEAN</th>
<th>STD. ERROR</th>
</tr>
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<tbody>
<tr>
<td>HIGHER IDENTIFICATION</td>
<td>NEGATIVE INFO / NO RESPONSE</td>
<td>2.56</td>
<td>.26</td>
</tr>
<tr>
<td></td>
<td>NEGATIVE INFO / TERMINATE</td>
<td>2.01*</td>
<td>.25</td>
</tr>
<tr>
<td></td>
<td>NEGATIVE INFO / CONTINUE</td>
<td>3.46*</td>
<td>.26</td>
</tr>
<tr>
<td>LOWER IDENTIFICATION</td>
<td>NEGATIVE INFO / NO RESPONSE</td>
<td>1.89</td>
<td>.26</td>
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<tr>
<td></td>
<td>NEGATIVE INFO / TERMINATE</td>
<td>1.83</td>
<td>.24</td>
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<tr>
<td></td>
<td>NEGATIVE INFO / CONTINUE</td>
<td>1.57</td>
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* indicates the mean difference is significant at the .05 level.
Negative information on a sponsor

revealed that highly identified fans felt significantly more favourable towards a team sponsor than lower identified fans. These findings were constant regardless of the assigned treatment group. That is, more highly identified fans felt more favourably towards a sponsor than less identified fans when presented with neutral or even negative information about the team sponsor. It appears that simply being a fan of the team positively altered fans'/spectators' attitudes towards the team sponsor.

These findings are not surprising considering social identity theory (Tajfel & Turner, 1986) and balance theory (Heider, 1958). Given the positive relationship between the team and the sponsor, highly identified fans must also feel positively towards the sponsor in order to balance the relationship. This study lends support to Madrigal’s (2000) argument that sponsors have the ability to become connected to a consumer's sense of self through their affiliation with the consumer's team. This is important information for organisations considering sponsoring a sports team, as it would seem the first step in capitalising on a sponsorship investment is to establish oneself as an ingroup member – an extended part of the team.

However, while this study lends support to the argument that sponsorship is effective due to an affiliation with a popular other, it did not examine the possibility that consumers also feel more favourably towards the team sponsor because sponsors are contributors to the team. In other words, fans see sponsors supporting their team and therefore may feel favourably about a sponsor and may buy the sponsor’s product as an ‘extension of goodwill’ – or as a way to repay the sponsor for supporting their team.

Understanding exactly why highly identified fans feel more favourably towards a team sponsor, whether it is due simply to the affiliation or if it is dependent on the type and amount of actual support an organisation offers a team, is an important question to answer. That is, do fans feel more favourably towards a sponsor due to the connection they see between team and sponsors or are these favourable feelings dependent on the amount a sponsor contributes (i.e. money, gift in kinds, equipment etc.) to the team.

Hypothesis 2 predicted an interaction between team identification level and treatment group and participants attitudes' towards the sponsor. This hypothesis was supported as results of the study revealed that highly identified fans felt significantly more favourable towards the badly behaving sponsor when the team continued its relationship with the sponsor than when the team terminated the relationship.

When the sports team reaffirmed its relationship with the sponsor, this indicated a positive relationship between the team and sponsor. To maintain a balanced relationship, an individual must either feel negatively towards both the sponsor and the team or feel positively towards both the sponsor and team. Feeling positive about the team but harbouring negative attitudes towards the poorly behaving team sponsor would result in an unbalanced state. This would be particularly true when the team re-affirmed its relationship with the sponsor, creating salience for the sponsor’s ingroup status. Thus, the most natural choice for highly identified fans would be to embrace the sponsor as an ingroup member.

However, when the team decided to terminate the relationship with the sponsor, the sponsoring organisation immediately became an outgroup member and essentially lost all ‘protection’ afforded to ingroup members. That is, fans no longer felt the need to remain loyal to the sponsor. Further, since the sponsor’s bad behaviour was no longer a reflection on the team, fans did not feel the need to rationalise or ignore the behaviour. Additionally, research has shown that ingroup members often display hostility towards outgroup members (Hogg & Abrams, 1990; Wann & Branscombe, 1995) and when the sponsor was dismissed by the team, they became vulnerable to such treatment.

It should be noted that some of the effect sizes in this study are low, so replicating this study with larger samples is of paramount importance. However, it is interesting how fragile the fan-sponsor relationship appears to be in this situation. Immediately upon
being dismissed as a team sponsor, fans of the team disregarded the sponsor and felt significantly less favourably towards the sponsor. This could be due to the role that the team and sponsor play in forming a fan’s social identity. Garza and Herringer (1987) describe four dimensions – emotion, evaluation, importance and stability – that contribute separately and uniquely in the construction of a social identity. They argue that individual identities (i.e. gender, political affiliation, team identification) vary on each of these dimensions and the dimensions must be considered in unison to fully grasp and evaluate an identity. For instance, an individual may rate their gender identity on these four dimensions very differently than they rate their political affiliation identity. Therefore, the two identities would function in different manners. In fact, Garza and Herringer found differences among participants on the varying dimensions of common identities and, particularly, on the stability dimension.

When discussing a fan’s relationship with a team and a sponsor it is therefore important to consider the multiple dimensions of such identities. Identification with a favourite team may be viewed as relatively stable while identification with a sponsor may be much more tenable – particularly in this study, where the sponsoring organisation remained anonymous, thus precluding participants from truly establishing any connection outside of the sponsor-team relationship.

However, better understanding of the nature and dimensions of the fan-team-sponsor relationship is important. While research has shown that organisations can improve their status with highly identified fans if they become a sponsor, it has yet to explore the importance and stability of this affinity. Conceivably, this might vary with the particular organisation and individual. In other words, a fan who is highly identified with a sponsor irrespective of the sponsor-team relationship (e.g. a fan that only buys Nike gear regardless of whether Nike sponsors their favourite team) would have a much more stable relationship with the sponsor in the face of criticism than a fan whose connection to a sponsor rests mainly with the team-sponsor relationship. Likewise, a fan of a team who also happens to be an employee of a sponsoring organisation may have a vastly different response to organisational troubles resulting in the termination of sponsorship because two core identities (i.e. organisational versus team) are put at odds with each another. The internal struggle for such a fan to maintain a ‘balance’ in the wake of team criticism of the sponsor will be a much more complex process.

The key for sponsoring organisations might be to leverage their team sponsorship in such a way that their brand becomes a stable part of a fan’s identity, rather than only an extension of their team identification. Madrigal (2000) noted that sponsorship may allow an organisation the opportunity to “capture a consumer’s ‘share of the heart’” by capitalising on their passion for supporting their favourite team and thus the team’s relationships. Perhaps sponsorship is a way to initially gain access to a population and get ‘in’, but what the sponsor does once they are there is crucial to creating and maintaining a fan’s long-term identification.

**Conclusion and limitations**

The results of this study indicate the positive aspects of team sponsorship. Once the relationship between team and sponsor is established, the sponsor becomes a member of a tight network of fans. Simply by being a member of this ingroup, the sponsor is looked upon more favourably by highly identified fans. Even in the wake of unflattering press, highly identified fans exhibited more favourable attitudes towards the sponsor than lower identified fans.

Of particular importance, however, was the reaction of the team to the negative information. Highly identified fans felt much more favourably towards the sponsor when the team showed support and continued their relationship with the sponsor than when the team decided to terminate the relationship. Sponsoring organisations must understand that being
a member of the ingroup (i.e. having a sponsoring relationship with a team) provides a great deal of security for the sponsor when negative events become public. Therefore, nurturing the team relationship is essential, and working to remain associated with the team following negative publicity or actions is imperative to the continued support of highly identified fans of the team.

Additionally, teams can use this research finding as another selling point for sponsorships. The fact that the sponsored organisation was ‘protected’ against their own bad behaviour is a perk that might not be salient through other means of advertising.

A limitation of the current study is that it used an anonymous sponsor. While fans were told that the information was about an actual team sponsor, the sponsor’s name was never revealed to the study participants. This allowed the researcher to control for participants’ brand loyalty which could prove to be a vitally important variable in consumers’ response to negative information about a sponsor. Thus future research should replicate this study using a named sponsor.

Further, future research should closely examine varying dimensions of the fan-team-sponsor relationship, such as importance and stability. Additionally, research should look to determine if certain negative behaviours are deemed more egregious than others. While this study only examined one type of negative action (poor treatment of plant workers by the sponsor), previous research has hinted that the type of negative action by an organisation may determine how the action is perceived (Votolato & Unnava, 2006). For instance, do fans feel differently about immoral acts than they do about incompetent acts?

This research has extended previous research on sports teams, sports sponsors and sports consumers. Specifically, it has examined the impact negative sponsor behaviour has on consumer attitudes towards the sponsor, while also taking into consideration the team response to the negative event.

Biographies

Heidi M. Parker is an assistant professor in the Department of Sport Management at Syracuse University. Her research interests centre on sports consumer behaviour and gender issues in sport.

Dr Janet S. Fink is an associate professor at the University of Connecticut. Her research interests include diversity issues in sport, sports consumer behaviour and the impact of sports media on these two areas. She is a NASSM Research Fellow and was awarded Ohio State University’s Distinguished Teaching Award.

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The inevitability of scandal: lessons for sponsors and administrators

Keywords
scandal
sponsorship
rugby league

Abstract
Why has the reporting of scandal in sport been increasing? This paper focuses on the commercialisation of sport and changes in the media landscape. A case study of the Australian Rugby League competition and its long-running series of scandals concludes that scandal is inevitable in sport, and that marketing strategies must incorporate this. The authors propose a new strategy – embracement – as an effective way of mitigating scandal and leveraging for sponsor market position.

Executive summary
The scandalous behaviour of sports people is being increasingly reported by a media that seeks sensational copy to sell its product. Sport itself has shifted from amateur ideals and reportage to a full-blown commercial enterprise. This commodification of sport is a result of several inter-related processes. First, sports administrators and owners realised they had a marketable product – and aggressively sought support. Second, the style of media reporting has changed, from the old ‘buddy’ system, in which the reporter agreed to stay quiet in return for access, to a reporting culture that seeks out scandal to sell copy. Coupled with this changed relationship is the shift in technology that allows for immediate reporting of behaviour by anyone equipped with a phone and internet. Thus the increased scrutiny, coupled with a need to report behaviour, has resulted in a significant increase in the exposure and discussion of scandal in sport.

Further, the process of media interest coupled with the construction of marketed stars, for the purpose of selling products, inevitably leads to a focus on...
behaviour. The use of sports people as role models and 'heroes', especially within marketing, allows for easy critique of any behaviour that does not live up to an idealised image. Problematically, cases of poor behaviour are inevitable given that sports people operate within a totalising social space, a club or team, where bonding rituals push the boundaries of acceptable behaviour. The nature of high-profile competitive sports such as the football codes is such that they offer varied yet extreme rewards with little time commitment to young men at the 'peak' of poor social behaviour.

The Australian National Rugby League (NRL) competition offers an illuminating case study of the reporting of continuous, damaging scandal. In 2009 the NRL experienced one of the worst seasons on record for player, coach, club and official poor behaviour. However, they did not lose any sponsors. They maintained their sponsorship levels for two reasons: first, by the successful employment of abatement strategies such as education and diversion; and second, through offering alcohol sponsors a legal advertising outlet in an otherwise tightly restricted broadcast environment. The irony is that many of the scandals are directly or indirectly related to the excessive consumption of the very product being marketed.

A number of lessons can be drawn from the case study. First, some strategies to mitigate scandal, especially 'panacea' options like education, only offer short-term reprieve and can end up further damaging a sport when another scandal occurs. Second, some sports have unique marketing opportunities because of legislative loopholes or specific permissions; sports and sponsors can and should take advantage of these. Third, we offer a new sponsor strategy – that of 'embracement' – which acknowledges the inevitability of scandal occurring within and around sports. Savvy sponsors should take advantage of the possibilities scandal can offer, especially around brand image (where 'tough' or 'rebellious' might be brand attributes they seek) or around the possibility of their product 'fixing' or ameliorating a scandal.

Introduction

Sport and scandal have, it seems, become synonymous, and this poses a significant problem for sponsors attempting to promote their wares. The essence of sports sponsorship for the sponsor is the attachment of their brand to a successful team/player/competition to draw a positive emotional response from that connection. The drawing of meaning and emotion from the relationship, to create a synergy between sponsor and sponsee, is critical for gaining a return on investment. However, sponsorship is inherently risky, as the sponsor cannot control the actions of the players, administrators and fans. While the literature tends to focus on amelioration strategies (Benoit, 1997; Bruce & Tini, 2008; Wilson et al, 2008), this paper takes a different view and explores how scandal can be useful for the sponsor and why other factors may keep a sponsor aligned with a sport in spite of ongoing scandal. We seek to address the question of why it is so rare for a sponsor to walk away from a marketing agreement.

We explore the question of sponsor resilience by first explaining the inevitability of scandal in sport. This allows for a re-framing of 'scandal' not as an aberrant event but as a predictable, foreseeable and unavoidable outcome of sport today. The case study of the Australasian rugby league competition, the National Rugby League (NRL), illustrates the continuing connection between scandal and sport and demonstrates several management strategies – denial, apology and education. The NRL and its sponsors’ actions illustrate two lessons for sponsorship in sport. First, that some sponsors, in particular brewers and distillers, create relationships with sport because this offers a way of avoiding regulations and advertising laws – much as the tobacco industry did historically (Lavack, 2003). However, this situation is being opposed aggressively by some lobby groups and sections of media and government, indicating a limited use in future. Second, a new strategy – that of embracement – should be considered, in which a sponsor takes advantage of the predictability of scandal and makes use of it for brand formation and advertising.
Sport and controversy

The profound and rapid change in sport over the last three decades has both invigorated and challenged sports administrators, players, the media and sports fans. Sport has shifted from amateurish ideals (in varying degrees and at varying speeds over the past century) to become ‘corporatised’ and ‘mediatised’. Dimitrov (2008, p.91) notes that during the 1980s “three entwined processes – privatisation, professionalisation and mediatisation – changed the foundations of football in Australia”. The process of media interest, coupled with the construction of marketed stars for the purpose of selling products, has inevitably led to a focus on behaviour. The effects of this ‘commodification’ of sport are well established, especially in relation to the value of sports marketing to commercial firms and also in the inherent dangers of such a move, including corruption and exploitation (e.g. Whannel, 1992; Hughson et al, 2005; Giulianiotti, 2005; L’Etang, 2006; Horne, 2006). Moral and ethical questions aside, what is of note for our argument is that this synergy is crucial to understanding the inevitability of scandal and sport. Players are now part of a media complex that scrutinises their activities; they are feted as heroes and stars worthy of adoration and, hence, more in-depth examination; at the same time, they have a surfeit of time and money at a time in life when they are particularly vulnerable to deviant behaviour. These are the preconditions that lead, inevitably, to scandal.

This increase in scrutiny is accounted for by a number of factors. First, new communication forms allow for the capture and reporting of events that would previously have remained unknown. The profusion of camera and video phones, instant messaging and social networking (services such as Facebook and Twitter) all contribute to this greater scrutiny. Walter (2004) noted as far back as 2004 that “in an era of text messages and emails, some players still struggle to understand the potential for any bad behaviour to leak out on a massive scale”. NRL player Brett Seymour was suspended for two matches because mobile phone footage appeared of him wandering drunkenly outside a nightclub and collapsing (Walter, 2009). Second, the symbiotic relationship between journalists and sports has broken down, and the code of silence – ‘what goes on on tour stays on tour’ – no longer applies. Third, increasing competition in the media marketplace has pushed editors and sports writers to focus upon the ‘bad’ deeds as a way of selling copy. McClennagh (2006) in a study of newspaper sports writers notes that they no longer write descriptions of sporting deeds, but write about the controversy attached to sporting endeavour.

As Plate (cited in Silverman, 1999) notes, “what has changed, at least it seems to me, is the omnipresence of the technological mass media. What used to be whispered or spread through word-of-mouth is now available instantaneously to millions of people”. Fourth, the emergent immediacy of new information-sharing technologies fosters immediate reporting. Finally, with a shift from paid, accredited sources relaying events to a situation where unpaid, blogging and tweeting journalists (and non-journalists) are reporting, the control that administrators once had is eroding. Sports stars are increasingly scrutinised and it has become much harder to hide transgressions; increasingly, anything that is captured will also be reported.

The construction of sports women and men as role-models, heroes and brand icons inevitably leads to close scrutiny of their behaviour. The sports stars themselves realise that they have become marketable commodities and seek such exposure, just as sponsors realise the role for the attraction to the sporting hero in brand uptake and meaning construction (Shuart, 2007; Charbonneau & Garland, 2006). This is challenged by some who attempt to resist such characterisation, such as US basketball professional Charles Barkley’s famous 1993 Nike advert were he claimed: “I am not a role-model. I am not paid to be a role-model”. Of course the clever re-appropriation of these ideas within an advert demonstrates that he is indeed a powerful brand model. Nike’s re-appropriation of meaning highlights the mixed
message and contested codes that the concept of ‘role-model’ implies. As Smith and Hattery (2006, p.215) note, “many of the same athletes whose images are used to send messages via their corporate sponsors behave in ways diametrically opposed to those messages, on the playing fields and off”. The role-model concept, which embodies close scrutiny of the athlete, allows the fan and viewer to gaze intimately at the actions of the sports star. This is in turn fed by the shift in media representations and by the actions of stars themselves.

High-profile competitive sports such as the football codes offer varied yet extreme rewards with little time commitment to young men at the peak of poor social behaviour. For example, men aged 20-24 are charged with public order, drug and dangerous acts offences at a higher rate than any other age group (Roach & Sharyn, 2006). Elite sport is an accurate representation of Goffman’s (1961) total institution concept, where individuals are subsumed within an all-encompassing social structure that limits their expression and tightly controls their actions. The effect of a total institution is to remove individual agency from the actor and leave them beholden to social processes of control. Athletes within this system have their behaviour governed by group norms embedded within the social structure around them. As Anderson (2009, p.8) notes, “sport approximates a ‘near-total’ institution”. What this means in the context of scandalous behaviour is that it is well documented that athletes and sporting teams conduct themselves in particular ways that pre-dispose them to scandal, especially when it comes to ‘team-bonding’ behaviours, substance-fuelled celebrations and aggressive masculinity. Davis (2008, p.98) argues that “money, not enough mentors and grappling with life in the spotlight is the cocktail threatening the careers of young footballers”. While no excuse for individual behaviour, the social circumstance of sport creates and fosters an environment where scandalous activity appears to be inevitable.

Case study: Australian NRL

The purpose of this case study is to take a high-profile sport that has had a series of scandals and assess some of the responses from the players, clubs, administration, sponsors and government. This foray into scandal management illustrates several strategies, including denial, apology and education programmes. The NRL also has a special relationship with alcohol sponsors by virtue of government advertising regulations.

The Australasian NRL competition comprises 16 teams from Australia and New Zealand. The competition traces its lineage back to 1908, despite several challenges from other codes and breakaway or takeover attempts, including the Superleague controversy of the late 1990s (Connor, 2008). The NRL receives around AU$100 million per year in broadcasting rights. Merchandise revenues were approximately AU$113 million in 2007, with AU$8.5 million going to the clubs in royalties (NRL, 2008). The principle sponsor of the NRL, an Australian telecommunications company, is estimated to pay around AU$12 million annually for ‘official sponsor’ rights (Wall, 2009). Alcohol company sponsorship is worth at least AU$15 million to the NRL (Wall, 2009). In the Australian context, the NRL is third in sponsorship revenue, behind Australian Rules Football (AFL) and cricket. The revenue is small in terms of global sports sponsorship and marketing, but this reflects Australia’s market size.

Rugby league in Australia is synonymous with the idealised working class values of ‘mateship’ and drinking, tied to a misogynist world view encapsulated by the constructs of masculinity (Schacht, 1996). These value systems permeate club, player and fan cultures to such an extent that particular behaviours have become normalised (Anderson, 2008) and have only come under sustained criticism in the past decade as the rising toll of indiscretions and incidences of obnoxious behaviour has been played out in an increasingly hostile media. The chief executive of the NRL, David Gallop, noted that “the
game's stakeholders are tired of seeing the game in the headlines because of incidents involving players and alcohol" (Walter, 2009). The shift in media representations of player behaviour is a key aspect of this article. We do not suggest that the behaviours of players are in any way novel; indeed, what evidence there is suggests that poor player behaviour has always been part of the sport (Heads, 2004). What is novel is the change in media and, hence, fan, sponsor, commentator and government scrutiny.

It is beyond the scope of this article to catalogue the number, type and reporting of all the scandals that have embroiled the NRL in the past decade. As Honeysett (2006) notes, “since the NRL formed in 1998, there have been more than enough alcohol-related incidents to fill a book. Unfortunately it is a book that is getting more tedious by the year” – and this was three years ago at preparation of this paper, with no slowing in the rate. It is sufficient for our argument to establish that scandal is ubiquitous. The following snapshot of newspaper headlines demonstrates the NRL's problem with player behaviour:

- ‘Skipper called lout in latest league scandal’ (Ritchie, 1999)
- ‘League: NSW Origin camp scandal deepens’ (Harvey, 2004)
- ‘Police visit Bulldogs homes over rape case’ (Kogoy, 2004)
- ‘League star grope claim’ (Kogoy & Ong, 2005)
- ‘Sexual scandals won’t go away – team of detectives probe Bathurst complaint’ (Kogoy & Honeysett, 2005)
- ‘League drowning in an ocean of booze’ (Sunday Telegraph, 2007)

In the first half of 2009 four separate incidents resulted in suspensions and/or fines for the players(s) involved. This series of crises (some new, others emerging from the past) prompted the NRL chief executive to comment in relation to sponsorship: “Our clubs and our players are acutely aware that this kind of issue damages those commercial relationships... Our sponsors accept that from time to time the game will have to deal with off-field behaviour but they want to see that dealt with appropriately” (Honeysett, 2009). To date, the NRL response has been to slowly increase the penalties it applies to both individuals and clubs. These include fines for clubs and fines, suspensions or cancellation of contracts for players.

Sponsors have repeatedly asked the NRL and its clubs to address the poor image of the game. McCarthy (2005), reporting on a scandal in 2005, noted: “A potential major sponsor made it plain that business is fed up with bad boy league antics, serving the club with a notice asking it to ‘show cause’ why sticking with the Knights [an NRL club] was such a good idea.” Honeysett (2009) notes: “While a scandal has not cost the game a major backer yet, there is a fear the game cannot keep taking hits and it is only a matter of time before someone withdraws their support.” Unreserved apologies from the NRL, as issued by their chief executive in response to another 2009 crisis, merely indicate that the NRL has failed to heed the consistent warnings about conduct and the effect (Walter & Jackson, 2009).

These containment strategies are merely fingers in a rapidly collapsing dyke. The media, government and fans have become increasingly unsatisfied by this response and the lack of effect it appears to have had on player behaviour. For example, the continuing incidences of sexual assault allegations against footballers in Australia has led to the formation of fan advocacy groups at grassroots level, including Football fans against sexual assault (Dimitrov, 2008). In 2004 a series of sexual misconduct cases led the NRL to respond with a new player education strategy designed to inform players how they should behave around women. The NRL employed an Australian
academic, Professor Catharine Lumby, prominent for her comments in the media on sex and women, to investigate the culture of the league and suggest ways to make players more aware of issues around sex and behaviour. This project and report, *Playing by the Rules*, was completed but has never been released by the NRL. An education strategy was part of this initiative but has been heavily criticised.

As Dann (2005, p. 17) notes: "... using education has its place in increasing knowledge about an issue where there is an existing lack of knowledge. Do we assume the average sportsman needs to be briefed on the law related to murder, bank robbery or road safety? No, but we assume people who mostly treat their mothers, sisters, aunties or wives with respect require regular briefings on how to deal with women."

While the ‘education’ answer has been constantly lauded by the NRL as a panacea, the field results of the experiment seem to confirm it as a failure – given that there has been no diminution of sexual scandals since 2004. The real lesson is that as a media and sponsor management strategy, the education response works well in the short term but offers increased risk of scrutiny and adverse commentary in the medium term if the results are not clear. Further, our argument is that scandal is inevitable, hence the surety of adverse commentary on strategies like education when they are seen to publicly ‘fail’.

The NRL’s responses – ignore the problem, set up an education programme, increase sanctions and apologise profusely – are limited in their effectiveness in controlling the potential damage to their image. The one moderately successful response from within the NRL was the use of diversion by the Canterbury Bankstown club (taking advantage of fan commitment to mitigate threat; Bruce & Tini, 2008). This particular scandal was also quite specific – involving the loss of competition points for a team because of rules breaches – but the hydra-like reappearance of scandal points to the need for the NRL and like organisations to embrace alternate risk management and sponsor engagement strategies to both change cultural values and embrace the inevitability of scandal.

Lessons for sponsors and administrators

Given our argument that poor player behaviour is inevitable in modern mediatised sport, the problem should be re-framed not as ‘prevention’ of poor behaviour but as management of the likelihood of bad behaviour and control for the consequences. There have been a number of attempts to categorise the various management strategies available, such as Benoit’s (1997) image restoration theory – denial, evading responsibility, minimising the offensiveness, corrective action and mortification – which offers a number of possibilities. Wilson et al (2008, pp.103-104) provide an insightful study and commentary on how to manage the public relations of sport and sponsorship, and suggest that “strategic selection of sponsors, the management of sponsor expectations, effective communication strategies, transgression prevention, media management and environment scanning” are crucial (see also Westburg et al, 2008). Given the contributions already available in the literature on scandal management, this paper focuses on several lessons that are less explored.

What is not often acknowledged in the debates around sponsorship and scandal is that there are a host of reasons for some sponsors to stay involved in a particular relationship, even in the face of scandal and perhaps to even build a sponsorship strategy that accepts and uses controversy. Further, some sponsors also derive secondary benefits from a particular association that goes beyond traditional naming rights. We wish to explore two reasons for the continued involvement of sponsors: regulation or rule avoidance, and branding.

Regulation/rule avoidance

There are strict regulations around the globe that restrict when and how particular products can be marketed. This is the case in Australia in relation to alcohol sponsorship and advertising. Alcohol advertising is restricted on Australian television by the Commercial Television Industry Code of Practice (Free TV Australia, 2008) and can only be shown during ‘M'
rated (mature audience) programming, which in practice means after 8.30 in the evening. However, a clause permits alcohol advertising during live sport broadcasts at weekends and on public holidays at any time (clause 6.7.2). Through sponsorship of sport, alcohol advertisers thus have a unique opportunity to push their products to audiences to which they normally have limited access. When this is combined with sponsorship of sporting teams, the impact is enhanced by matching advertisements with the on-field sports, creating a synergistic marketing effect. Alcohol companies are quick to claim that they are not targeting young people with this strategy, and they point to a voluntary industry code that prohibits this (the Alcohol Beverages Advertising Code, Advertising Federation of Australia, 2004). This has been questioned repeatedly in academic and popular literature as well as by governments (King et al, 2005). The secondary benefit associated with the special rules around sports advertising allows a sponsor to overlook scandal to retain this advantage. The lesson here is that alcohol companies need to effectively engage lobbying strategies and maintain at least a semblance of positive coverage in the wider media regarding their sponsorship and advertising activities or risk losing this option.

Combining the sport and sporting star with the product is the traditional marketing strategy of sports sponsorship. For alcohol sponsors, the scandal threat appears when too much of their product is ‘endorsed’ by players and the results become problematic. This has progressed to such a point in the NRL that repeated calls for a drinking ban on players have been made. As far back as 1999 the possibility of banning alcohol consumption was raised (Lazarus & Stevens, 1999) and this call has been renewed by the spate of recent scandals, to the point that one club is seriously considering a ban (Proszenko, 2009). It is not unheard of in the Australian sporting context to have alcohol banned. Australian swimming’s head coach in the 1990s, Don Talbot, successfully introduced such a ban (Heads, 2004). However, alcohol companies were never a major sponsor of Australian swimming.

**Branding**

In some ways it is beneficial to companies to be associated with certain boundary-pushing behaviours that also support core product messages and meanings. If we wanted to market a beer as ‘rugged, manly and tough’ then having sportsmen who fit that mould consuming it, even to excess, helps maintain the message. This appears to be the re-branding strategy that Carlton and United Breweries is employing with their VB beer product. It becomes even stronger if ‘rebel’ is a meaning we seek to associate with the product. A distinct opportunity exists here for savvy marketing strategies that seek to exploit a scandal and its associated ‘bad boy’ imagery. (For an analysis of the complex messages sports stars offer, see Burton et al, 2000.)

To the authors’ knowledge, no brand image has been constructed in sport that takes advantage of the inevitability of scandals occurring. Perhaps this embracement strategy could employ a ‘we’ll fix it’ message. Insurance would be an obvious candidate, except for the industry’s reluctance to market in any way that is not staid. The popular confectionery Minties ran a similar message with their *Moments like these* campaign – highlighting the need for a sweet reprieve from troublesome events. There is certainly scope for savvy marketing strategies to use the inevitability of scandal to push a brand message.

**Conclusion**

Sport and sports people are under increasing scrutiny as a result of the Faustian bargain that has been made between sports administrators and owners wanting more media coverage and exposure and the push for news reporting to become sensationalised. This process of commercialisation, coupled with intense scrutiny, has resulted in scandalous behaviour being increasingly reported. Our position is that sports
marketers must now consider scandal to be inevitable and manage their relationships accordingly. The experience of the Australian NRL competition is illustrative of how continuing scandals can threaten the viability of sports when incorrectly managed. However, some sports can take advantage of regulatory frameworks that encourage certain marketing agreements. This is the case in Australia with television advertising and alcohol. Finally, given that scandal is inevitable, more consideration should be given to the strategy of embracement. Taking advantage of scandal to frame the messages around a product, image and brand means that sponsors are not under threat from scandal but actually take advantage of it. This particular strategy needs to be field-tested with a brand whose marketers and owners are brave enough.

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Biographies

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The inevitability of scandal


A critical mass of corruption: why some football leagues have more match-fixing than others

Keywords
football
corruption
organised crime
gambling
match-fixing
relative exploitation

Executive summary
This paper is about match-fixing in football. It examines two questions: Why do some leagues have more match-fixing than other leagues? and Why do some leagues collapse because of high levels of match-fixing but other leagues that are equally corrupt manage to continue without loss of either sponsorship or public support?

The subject of corruption in sport and its link to sponsorship has long been ignored. It should not be. Some of the football leagues that I examine in this paper have lost hundreds of millions of dollars in sponsorship money because of corruption.

The data for this paper were gathered in two ways: qualitative, in interviews with more than 220 individuals; and quantitative, through construction of a series of databases of fixed and non-fixed matches, corrupt and non-corrupt players, in order to determine general trends.

Three factors are involved in widespread corruption: the players are paid badly, they perceive that their
bosses – the league or team officials – are corrupt, and there are large networks of illegal gambling. In effect, players are paid badly to do their jobs well, but there is an alternative market that is willing to pay them very well, to do their jobs badly.

The concept of an alternative market is important in the question of why some leagues collapse. It is not that they are highly corrupt: it is that the public knows the league is highly corrupt and there is an alternative, non-corrupt sports league that can draw fans and sponsors away from the highly corrupt league.

Introduction

On 2 October 2004, Yang Zuwu, the manager of the Chinese team Beijing Hyundai, did something odd. In the 85th minute of the game against the provincial team Shenyang Jinde, he ordered his team to walk off the pitch. He then stood outside the dressing room door and announced that his team was not only refusing to take part in the rest of the match, but also refusing to take part in any more matches in the Chinese Super League (CSL). Beijing Hyundai, sponsored by the Korean car company, was one of the richest teams in the league, and several other teams followed its lead, pulling out of the league and causing the CSL to effectively collapse (Blatter, 2008; China.org.cn by Shao Da, 31 October 2004; SO10). Yang Zuwu and the other protesters were infuriated because in less than five months the league had proven to be rife with corruption and match-fixing (SO10; Watts, 2004; Gidney, 2007). The bribing of referees, players and teams had, they claimed, become so widespread and so blatant, that it was impossible to play honestly in the league.

The collapse of the CSL follows a trend across south-east Asia. In the past 15 years the football leagues of Singapore, Malaysia, Thailand, Vietnam and Indonesia have all effectively collapsed due to match-fixing (SO10; Blatter, 2008; Jakarta Post, 1998; Agence France Presse, 2004).

The effect of corruption on sponsorship has been ignored in sport. It should not be. In the words of one tennis executive, match-fixing “is the ultimate threat to the credibility of the sport” (SO 8). Once credibility is gone, the sponsors pull out. The collapse of the CSL and other Asian football leagues because of corruption among the players and referees was accompanied by a loss in corporate sponsorship of hundreds of millions of dollars (SO 1-4, 9, 10). It has taken Chinese football years to recover, and many of the corrupted leagues have never been able to regain either the fan support or sufficient sponsorship money.

This paper analyses two questions: what are the social mechanisms that lead to high corruption inside some leagues but not in others, and what does ‘collapse’ mean and what factors lead to a sports league losing its credibility and sponsorship money?

I argue throughout the paper that widespread match corruption is not a cultural phenomenon: Chinese, Singaporeans and Asians in general are no more willing to take bribes for ethnic or cultural reasons than any other group. I find that the data indicates that when similar conditions exist in a football league in a different country with a different cultural background – England in the 1950s, players also engaged in match-fixing. I argue that it is the introduction of new market alternatives, combined with situations of relative deprivation and expectations of corruption, that lead to high levels of corruption and the eventual collapse of the leagues.

Methodology

Much of the primary research for this paper was conducted in Asia, particularly Malaysia and Singapore, because both countries have had a long history of match-fixing. The latest example of football fixing began in the late 1980s. In 1989 the Football Association of Malaysia (FAM) and the Singapore Football Association founded a joint professional league. There were 16 teams, composed of 14 Malaysian state teams and two teams from the neighbouring countries of Brunei and Singapore.
The league enjoyed considerable financial support for infrastructure from both the Malaysian and the Singaporean governments. The two federal governments helped build modern stadia (Williams, 1998, p.115). Dunhill Tobacco and other private companies also sponsored the league (Seneviratne 2000, p.104). A well endorsing television contract ensured that the M-league was broadcast nationally with a potential viewing audience in the millions (Mony, 1998). Teams were allowed to import foreign stars to improve the quality of the play. The league became so popular that some matches attracted more than 50,000 people to the stadium (Seneviratne, 2000).

The M-league became “a complete disaster” (R1, SO1). In 1993 Malaysian journalists wrote a series of newspapers articles alleging that the league was home to widespread match-fixing. Purportedly the fixes were arranged by a series of Singapore-based corrupters (Fernandez 1993; LE5). Fans began to complain loudly during the games that the results were Kelung or fixed (SO10).

In the summer of 1994 a police investigation began. It is a source of some controversy as to which country launched the official investigation. The Malaysian authorities claimed that they had initiated the crackdown (SO1 & SO5), while the Singaporean administration claimed that it was their Corrupt Practices Investigation Bureau (CPIB) that had started the investigation (LE5: Williams, 1998, p.111). However, once the separate police actions had begun, they became “the most professional and organised investigation into match-fixing in the history of the game” (Williams 1998, p.112). Police forces in both countries arrested more than 150 players, coaches and officials from the league. During the course of the investigation the Royal Malaysian Police publicly announced an estimated 90% of the games in the league had been fixed (Williams 1998, p.115). There were also a series of high-profile trials of match-fixing players and referees in Singapore (Abbas versus Singapore PP; Rajmanickam versus Singapore PP; Manat versus Singapore PP; Kanan et al versus Singapore PP; Maran versus Singapore PP). The controversy between the two countries became so great that the FAM expelled the Singaporeans from the league, which effectively collapsed in 1995. There were even wider diplomatic problems, with the Singaporean and Malaysian governments exchanging angry words about the collapse of the league (SO 1).

Much of the data were collected in Malaysia and Singapore, through a combination of qualitative and quantitative methods. The qualitative work relies, in part, on interviews with players, referees, sports officials and corrupters who have experience in fixing matches. Most of the interview subjects reported that the topic of match-fixing in football was immensely controversial and that they feared recriminations from either the corrupters or the authorities if they spoke out. Because of the controversial nature of the subject, almost all of the interviews are ‘off the record’. In particular, people who are still serving in the game emphasised that if they were to be quoted, either publicly or in such a way as to allow people to guess their identity, they would lose their job or possibly face more severe consequences. Accordingly, the interview subjects, in this paper are identified by their profession in the following fashion: Players (P); Referees (R); Sports Officials (SO); Journalists (J); Law Enforcement (LE); and Corrupters (COR).

(continued)
important of these was how did one know that a game had actually been fixed? After all, almost every Saturday there was some complaint from an outraged manager or a disgruntled fan that their team had only lost because someone, somewhere had been ‘got at’. So it was necessary to be clear about how certain it was that the game had actually been fixed.

Accordingly, I developed a variable ‘degree of certainty of fix’. The first, and highest, degree of certainty was if the game had been declared fixed in court or some legal proceedings. The next degree was if a football association hearing had declared it fixed. The third was if a number of people who had actively participated in the fix confessed to the fix. The fourth was if there had been a law case or police investigation that had been suspended or not continued. The fifth was if an inside participant in the game, say the other team or an honest referee, had alleged that other parties were fixing. The final level, with least certainty, consisted of games that were alleged to have been fixed by a source that I did not consider particularly reliable.

Because of the lack of reliability of the fixes in the bottom three levels of this variable, I developed a second database, the Fixed-Match Database 2 (FMDB-2), which included only the games that had a degree of certainty of level 3 and above. For each game, I found at least two match reports: a statistical one, listing times of goals, number of yellow/red cards and substitutions; and an anecdotal report, listing any possible missed penalties or own goals that the statistical report may have missed. Any game for which these reports could not be found was excluded from the database (88 games in all), so there are 137 games in the FMDB-2 database.

The second challenge was to ensure that there was a control group built into the database. Because football games vary so greatly in terms of culture, style and era (there are fewer goals scored in the Spanish league than in the Italian league and, generally, fewer goals scored in contemporary games than in matches 50 years ago), the games in this database were then matched with games from a control group of purportedly honestly played games of an equivalent culture, playing style and era. For example, in FMDB-2 there are 12 games from the German league in 1971 that were fixed. To match these games, I randomly selected 12 games from the presumed honest Norwegian league of the same year. I did this for the games, and found match reports – both statistical and anecdotal – for these games. FMDB-2 consists of 137 fixed matches and 130 control matches.

I also used another database as a ‘control group of the control groups’. This control group consists of five European leagues – England, Scotland, France, Germany and Holland – from the 2005-06 season. I contrasted the variables from this second control group with those in the other groups to ensure that the statistical patterns did actually represent a significant trend in the data.

There are two important limitations to the database. First, I am in no way implying that all the fixes that may have occurred in a league are represented in the database. Because match-fixing is a covert activity, it is not always apparent when it has occurred. Second, because not all corrupt activity is shown, I cannot make comparisons on the rates of match-fixing between various leagues.

A number of academics, using mostly quantitative methods, have explored match corruption in sport. Most famously Levitt and Duggan (2002) examined collusion in Sumo wrestling, but there have also been papers by Taylor and Trogdon (2002), Wolfer (2006) and Nye and Moul (2006). Two other economists, Ian Preston and Stefan Szymanski, used police reports to write on match-fixing in cricket (2003), and Boeri and Severgnini (2008) wrote specifically on match-fixing in football in their exploration of the importance of media perception in the Italian Calciopoli scandal. Although the work of some of these commentators is not specifically cited in this paper, all of their work was helpful in the framing of the research.

Before beginning the exploration of widespread match-fixing, two definitions are needed: ‘highly corrupt’ leagues and ‘collapsed’ leagues.
Leagues that I define as ‘highly corrupt’ have the following characteristics:

- divisional championship and relegation competitions that were influenced by bribery
- regular illegal gambling and match-fixing that occurred throughout the season
- a nexus between gambling corrupters and internal corrupters that led to an institutional paralysis.

A ‘collapsed’ league is:

- a league where there is a widespread public perception that the sport is not a competition, but effectively a theatrical exercise
- this public perception is marked by a significant (over 40%) decline in attendance, an equally large loss in private sponsorship money and a reordering of the administration of the league.

Why some leagues and not others?

The answer to this question is not simply a generalised cultural and societal acceptance of corruption. If it were so, measuring corruption in football leagues would only be a question of looking at their countries’ ranking in the Corruption Perception Index (CPI) (see Lambsdorff, 2007, p.20-26 for more on CPI). As countries declined in their levels of perceived honesty and transparency, so their football leagues would become more corrupt. However, the case study of Singapore and Malaysia shows that a more detailed analysis is needed.

These two countries are geographically contiguous but their cultures are vastly different. Malaysia is an Islamic democracy, Singapore an almost aggressively agnostic state. The per capita GDP of Singapore is approximately three times higher than its neighbour. Malaysia has a series of royal families and a crowned monarchy. Singapore has no titled aristocracy and its head of state is a president. More pertinently, in the 2006 CPI ranking, Singapore’s position was 5; only Finland and three other countries have a higher ranking for honesty in the world. Malaysia, on the other hand, is ranked 44th in the anti-corruption league, roughly equivalent to Italy and below Botswana and Jordan (CPI 2006). However, the two countries do share a similarity: their shared football league collapsed due to match-fixing and both leagues are still generally assumed to be full of corruption (SO8; SO1). What then are the common features of leagues that allow corruption to flourish?

For a precise response to this question, examination of another football league is useful. This league used to have high levels of fixed matches but now there are comparatively few. The country also has a relatively high standing in perceived honesty: England. In the popular literature, there are few books on football that mention match-fixing. In general, the game is portrayed as a noble pastime, free from the pettiness and spite of everyday life. This idealisation is particularly true of books on English football in the 1940s and 50s. For example, the National Museum of Football in Preston refers to this time as “the Golden Era” in its publications, and James Bartholomew (2005), in his book on the general decline of English society, even wrote a chapter lionising this “golden era”. He writes that football of that time was a halcyon sport played by gentlemen like Stanley Matthews, who enjoyed a tough, clean game, but now the game is played by teams of cheating thugs.

The primary sources indicate that this view, at least of the English game in the 1950s, is simply a myth. Harry Gregg, one of the interview subjects who played for Manchester United during this era, replied when asked of Bartholomew’s views: “I don’t know what sport he is talking about, but it certainly wasn’t the one that I played.”

Ken Chisholm, Trevor Ford, Brian Clough and Harry Gregg were all prominent internationals of that era and each represented one of the ‘Home Countries’: Scotland, Wales, England and Northern Ireland. Each played in the English first and second divisions; and each would write of the match-fixing that occurred. All would claim that match-fixing was relatively common.
Here is an excerpt from the writings of Ken Chisholm, describing a fixed match he participated in between Leicester City and Cardiff in 1953:

*Before people get hot under the collar this kind of ‘arrangement’ was commonplace [emphasis added] towards the end of every season in those days, and I know of many similar cases where points were given away to save clubs who commanded good support from being relegated, and also to get promotion... (Quoted in Inglis, 1985).*

Clough and Gregg also wrote of the gambling match-fixing that was going on in their own prominent first division clubs. Gregg’s case is perhaps more surprising as he played for Manchester United, who were then, and still are, the richest and most popular club in England. Their testimonies are not exceptions. Ian St. John, another Scottish international, wrote of his own match-fixing in the Scottish League (St. John, 2006, p.62-65). P3, an interview subject who also played in England in the 1950s, said:

*I played in the UK for XXX and YYY. In those days match-fixing was very obvious. It was easy to call a manager to arrange a match. In those days it was very obvious (P3).*

In the interviews and primary data, there are another 26 players’ confessions from that era discussing either why they fixed matches or how they were approached to do so. But perhaps the most convincing of the sources is one of the highest league officials of the time, the Secretary of the English Football League, Alan Hardaker, who wrote:

*There are many men in football today, among them respected and celebrated managers, who have good reason to remember the great bribery scandals of the early 1960s. They were deeply involved in the mess but escaped because the Law and the League could not get the evidence to nail them. Corruption was rife in the league [emphasis added]. I received calls from directors, managers, players, bookmakers and the Pools. The trouble, moreover, did not stop at coupon swindles [gambling fixes]. There were club-to-club payments being made to swing matches affecting promotion and relegation. I did not believe all I heard. Much of it I guessed to be rumour or hearsay, but even if only a portion of the information fed to me were true, it still meant that there was a significant problem (Hardaker, 1977).*

It is difficult to quantify how many games were fixed in England and whether they were greater or lesser in number than in present-day Malaysia and Singapore. However, the general trends were roughly comparable to some of the contemporary Asian leagues: there were gambling networks fixing matches throughout the season; at the end of the season, many of the divisional championship and relegation competitions were affected by match-fixing, and the corrupters, both gambling and team officials, were forming links between themselves to maximise profits. Currently, English football is assumed to have far less match-fixing. What has changed?

**Illegal gambling**

The first condition that leads to widespread match-corruption is the presence of illegal gambling networks. SO11 grew up in 1950s England:

*I remember in England in the 50s there were illegal bookies on every street. The only way you could make a bet legally if you lived in Birmingham was to go to the Doncaster Races. So, every street had their own gambling ring (SO11).*

Wray Vamplew and Simon Inglis, in their examinations of corruption in English football in the earlier parts of the last century, show that even the Pools companies (who organised a form of sports gambling regarded as relatively benign in contemporary times) in the period between the 1930s and 1960s had to print their coupons in Holland or Belgium to get around English
laws (Vamplew, 1988; Inglis, 1985, pp.20-30). Betting in person in a shop, now a societal norm in the UK, was completely outlawed until 1961.

Preston and Szymanski (2003) show that the presence of illegal gambling networks is a strong contributory factor to match-fixing. Their theory is that if gambling is illegal, than the people who run it will be criminals. Professional criminals will be more likely to turn to match-fixing than will established legitimate companies. This is also the view of the Singapore Football Association which, after the collapse of its football league, campaigned for the establishment of a government-run sports gambling industry (SO11; Moore, 1999; Cor1; SO8). According to a number of interview subjects, the fact that match-fixing continues in the Singaporean football leagues is an indication that the government-run company has been unable to compete successfully with the illegal gambling industry (SO8; Cor2). In the other Asian countries where their football leagues collapsed – China, Malaysia, Vietnam etc – sports gambling is vastly popular but officially illegal. It is this dynamic which gives both organised crime and match-fixing much of its impetus. This is similar to the situation in the prohibition-era United States, when alcohol consumption – a vastly popular pastime – was declared illegal, thereby fuelling a massive rise in American organised crime (Lupsha, 1986).

Relative deprivation

If 1961 signalled the beginning of widespread, publicly available, legal gambling in England, it was also the year of a significant legal controversy in professional English football, the latent function of which (Merton 1967, pp.71-76) was to reduce the prevalence of match-fixing. George Eastham, a forward playing for Newcastle United, wanted to play for the London-based team Arsenal. As was then the industry norm, his club refused to allow him to transfer. He took them to court and won. This legal decision was the beginning of the end of a system that has been called "legal slavery" by some commentators (Imlach 2005, p.55). Not to over-simplify a long and complex socio-economic battle that lasted from the Eastham decision, through a threatened large-scale labour action by the players, right up to the Bosman case in Belgium in the 1990s, but essentially, before 1961, English football players had very few employment rights. The clubs controlled whether they played or not. If players were injured the clubs frequently paid them no compensation or benefits; even when a contract ended, a player was prevented from signing for another club unless they had the permission of their first club; and all players – regardless of experience or playing ability – had a maximum wage salary cap that determined how much they were paid. Some of the players responded to these conditions by fixing matches. Ian St. John, a footballer in the 1960s Scottish First Division (whose conditions were roughly equivalent to the English league of the time), sums up these motivations in his description of his arranging a fixed game:

The temptation for lads gleaning such meagre rewards, who despite drawing huge crowds had no security, no chance of buying a house, was maybe stronger than it should have been... (but) did one match matter against the chance of having a little money in the bank, the possibility of putting something down on a small car or taking a holiday in the sun, something beyond any of our dreams as we were growing up? All we had to do was throw a game... (St. John, 2006).

There is also the issue of non-payment of wages, a common occurrence in both contemporary Asian leagues and British leagues of the 1950s. P6 played in an Asian league with corrupt team-mates, but as a foreigner he received a regular salary, while many of his team-mates did not:

... back in those days some of those guys didn't get paid for three months. It was fundamentally the excuse they gave, 'Look we have to pay rent or mortgages. We have to pay for our cars. We have to put food on the table for our families. We
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haven’t been paid for three months. And someone comes up to us and offers us 10,000 Malaysian Ringgit for one game. We have no choice. We have to take the money’ (P6).

Even one of the senior policemen, LE4, who helped lead the investigation into match-fixing, was sympathetic to the players that he caught fixing games:

I don’t blame the players. There were two systems – foreigners were very well paid. Domestic players were not particularly well paid (LE, 4).

There were similar conditions in the English leagues of the 1950s. Harry Gregg, in his interview, described a discussion on the idea of labour specialisation and skill that occurred at a 1961 meeting among the English league’s players, held to decide whether the players would launch a strike. The meeting was in an auditorium at the White City, in west London. On the stage was a table with the organising committee. In front of them was a room crammed with many of the league’s players, from the famous Stanley Matthews to the journeymen players of the lower divisions. At the beginning of the meeting there was a general discussion about the merits of industrial action, with the leaders on stage urging for a strike. Harry Gregg remembered what happened:

And one young man stood up and said, “I do not agree with you; my father works down the pit and he only gets eight or ten pounds a week and I think that my father does a better job and we should be happy with what we get.” The young fella killed the room completely. It went dead. Tommy Banks, the Bolton left back, a really broad Lancashire man, said, “Mr. Chairman, can I answer that man? Lad, tell thy dad that I’ll do his fucking shift down the pit between 3 o’clock and twenty to 5 on a Saturday afternoon, if he can mark Brother Matthews here…” (Gregg, 2005).

According to Gregg and others (P32), most of the players in the room laughed in agreement with Banks and soon afterwards agreed to take a strike vote. However, the underlying point about these excerpts is that the players were trying to determine what Runciman (1967) and others (see Merton, 1950; Yngwe et al, 2003) call their “professional reference group”. In the discussion about whether they should go on strike, the young man thinks their reference group should be coal miners. It is the older player – Tommy Banks – who points out that the players have professional skills and talents that the ordinary person does not have, and should be rewarded appropriately.

The relative exploitation of the workers in football is the second phenomenon that drives widespread match-fixing. It is not that paying players more money means that there will not be some players who will continue to accept bribes to underperform. There are always people who are motivated by greed; it is just that by raising wages one can reasonably expect to reduce their number, so that widescale fixing is more constrained (Van Rijckeghem & Weder, 2001).

Given this caveat, the key dynamic that drives widespread match-fixing in a league is the existence of two conditions – the relative deprivation of the players and an illegal gambling market. Or the legal sports market, which pays its actors poorly for doing their jobs well; and the illegal gambling market, willing to pay those same actors well for doing their jobs poorly.

Expectation of corruption

There is a final point that needs to be made about the establishment of high levels of match-fixing and that is about the expectation of corruption. It is similar to the point that Pino Arlacchi makes in his exploration of the continuing power of the Sicilian mafia (1983):

Once they exceed a certain level... mafia murders begin to develop a powerful multiplier effect, which has devastating consequences for the structure of society. The mechanism by which mafia murder sparks off other murders... is not based on any superficial imitation; it derives from
a range of socio-psychological tendencies deeply rooted in collective and individual life (Arlacchi, 1983, p.158).

In quoting Arlacchi, I am not trying to contrast the moral severity of acts of murder with acts of corruption like match-fixing. Rather, I am trying to show that there are similar societal mechanisms at play in these cases. In his essay on “the self-fulfilling nature” of corruption, Gambetta (2009) makes an important point: beliefs fuel corruption. So when individuals in certain societies, be they inhabitants of Sicilian villages or soccer players in a particular league, think that deviant acts are actually the norm, they feel that they can join in. It is effectively Granovetter’s “tipping point” (1985) or Chang and Lai’s discussion of the “snowballing” effect of citizens deciding to cheat on their taxes (2004).

There is, however, an important distinction in the case of match-fixing for both 1950s England and current-day Singapore. There is a widespread belief that societal corruption is low. However, there was, and is, chronic match-fixing in both these football leagues. So the expectation of corruption in this case is not societal; rather it is the specific beliefs within an industry that drive corruption. The specific belief that drives widespread corruption in football leagues is that there is official complicity. In other words, it is not enough that players and referees believe that other players and referees are corrupt, it is that they believe the officials who run the sport are also corrupt. Almost all interview subjects – including players, referees and sports officials – believed that both league and club officials were involved in gambling and fixing in Malaysia and Singapore. So the situation is that the players and referees are relatively badly paid, and they also perceive that their bosses are involved in corrupt activities and there is an alternative market – illegal gambling – that is willing to reward them.

In summary, here are the factors that lead to widespread match corruption: leagues that have high levels of match-fixing are marked by high relative exploitation of players, an ‘expectation’ of official corruption and the presence of large illegal gambling networks. It should be noted that their ranking on the CPI index does not affect the presence of high levels of match-fixing. Singapore, ranked fifth in the CPI index, had a soccer league that suffers from high levels of corruption as do countries like Vietnam, which is 106 places below it on the CPI listings.

The ‘collapse’ of football leagues

I have written in this paper and throughout the thesis, about the ‘collapse’ or ‘complete disasters’ of football leagues in Malaysia-Singapore and across Asia. However, these football leagues did not collapse because of high corruption. The Malaysian-Singaporean league had a culture of match corruption, both gambling and arrangements, dating back at least 30 years before its demise (SO 1-4). In the Chinese case, several years before Beijing Hyundai’s dramatic walk off the pitch, both a team owner and a referee had announced that there were high levels of corruption in the league. The owner, a provincial construction magnate, announced publicly that he was retiring from football and going back to the more honest world of the construction industry. He made the choice, he claimed, because football was too corrupt (Gittings, 2002; Shanghai Star, 2002).

Here is the important point of this section. An equilibrium level of corruption – where corruption is the norm, rather than a deviant act – did not cause the failure of these leagues. Rather what caused their ‘collapse’ was the wider public’s awareness of corruption. The public puts their trust in the league to deliver an honest product. In the case of match-fixing, once they know about corruption they lose their trust in the sport, they then withdraw their support and the league collapses.

Inglis (1985, p.vi) argues along similar lines when he writes of the "institutional public trust dilemma" which faces many leagues: if they investigate match-fixing in football, they erode public trust in their "product"; if they do nothing, they run the risk of
allowing the value of the game to erode (Inglis 1985, p.viii). Szymanski and Kuypers (1999, p.7) write that the game is a “product” – the players “workers”, the spectators “consumers.” Under this analysis then, match-fixing is the equivalent of selling a ‘tainted’ product to an unsuspecting consumer. But like the owner of a meat factory who discovers the workers have produced unsafe meat, there is a strong incentive for sports administrators not to publicise the deed outside their inner circle. Who, after all, wants to eat unsafe food?

I wanted to employ quantitative data to test what the response of football officials was to the public’s perception of corruption. I compiled a set of frequency statistics to examine this (see Figure 1). The graph shows the role of ‘detector’, who first blows the whistle on match corruption in football leagues. The sample section was from FMDB-2, or the 137 fixed matches that we know were fixed with a high degree of certainty. There were seven categories of detectors: police investigation, media investigation, football administrators, spectators at a game, confession of a participant, confession of an outsider and betting patterns. There is, of course, a selection bias in the results, since FMDB-2 consists only of games that are certain to have been either fixed or attempted to have been fixed. Most of that certainty comes from a legal decision and, obviously, cases that were investigated by the police are more likely to have come to court. Therefore, to reduce that bias by as much as possible, each case was examined to see how they began. So for example, the Moggi case – or games in Italy that were arranged by the internal corruptor Luciano Moggi – began when police were investigating a seemingly unrelated Camorra gangster who was arranging matches with various players. The police eventually took their findings to the Italian Football Association. The football officials did nothing for several months, until the police leaked the transcripts to journalists. After a number of high-profile stories, the Italian Football Association began a series of hearings that found Moggi guilty of match corruption (Burke, 2006; La Stampa, 2006). However, in FMDB-2 the detector is listed as a police investigation because it was their work that initiated the inquiry.

There may also be a selection bias in FMDB-2 towards the media. If a participant wants to garner maximum publicity to expose match corruption, they may choose to go to the media. For this reason I have included three categories: ‘media investigation’, where journalists actively investigate match-fixing, ‘confession of a participant’ and ‘confession of outsider’, where corruptees or observers go themselves to the media to announce match corruption.

Figure 1 shows that the largest number of fixed matches – 42% – were revealed by police investigations. The next rankings are shared equally between the confession of a participant in the media and independent media investigations – approximately 18% each. However, the detector, who is the very least likely to reveal match-fixing, with only one case in the entire database, was the football association. There are some legitimate constraints on football associations that keep them from revealing to the public corruption in their leagues, and this may partly explain the low rate of initiating public investigations. A European football official stated that part of the reason for the low rate was legal:

I must repeat there is a big difference between knowing something and doing something… Knowing and saying are two different things. There are many things I’d like to say, but I can’t. Otherwise the lawyers would kill me! (SO28).

However, some leagues seem to go further than merely being bound for legal reasons, not to mention match-fixing. They aggressively defend their product by actively sanctioning players or coaches who suggest that any match corruption may be going on. An example of this form of sanctioning occurred when UEFA fined Manchester United player Eric Cantona 50,000 euros for suggesting that a referee was taking bribes to fix European Championship League matches. They did not investigate his allegations until two years later, when it was revealed, by the media, that the
The referee in question had in fact been selling games (Yallop 1999, p.89). UEFA has also on two occasions threatened to sue journalists who publicly raised the issue of fixed matches. This would not be particularly noteworthy except that in both those cases it was discovered later, by external law enforcement agencies, that the matches had been fixed.

A lawyer who tried to convict players for match-fixing had a similar experience with a national European football association:

We [the law enforcement agencies] received no help from the Football Association. In fact quite the opposite, they closed ranks. They do not want to admit publicly that it [match-fixing] goes on (LE9).

Another reason for lack of public discussion of match-fixing had a similar experience with a national European football association:

We [the law enforcement agencies] received no help from the Football Association. In fact quite the opposite, they closed ranks. They do not want to admit publicly that it [match-fixing] goes on (LE9).

This allusion to organised crime involvement in football associations is not new. There are many cases of a football association’s involvement in criminal corruption: Jose-Juan Bellini, the head of the Colombian Football Association, was jailed by the US Drug Enforcement Agency for "illegal enrichment" and money laundering for the drug trafficking group the...
Cali Cartel (07; see also McAlister Hall, 1999 and Price, 1994), and the former head of FIFA and his son-in-law, the President of the Brazilian Football Confederation, have been linked to illegal gambling gang leaders (Yallop, 1999, p.73, p.210). This is not to suggest in any way that all football associations are engaged in corruption, but it is important to understand that the governing institutions of football can be corrupted and that corruption will lead, inevitably, to a critical mass of corruption.

The suppression of information about match-fixing, even by dishonest football associations, may have an important, latent benefit. If the associations publicised the existence of match-fixing, it might lead to more match-fixing as the expected rate of corruption went up. Suppression of information may make it both unexpected and more difficult to reach corrupters.

To counteract this suppression of information, for a football league to collapse, its society must have a reasonably free media, so that the public can become aware of the corruption. Presumably there are many countries where corruption in sport is widespread, but the press is unable to report this fact. However, football in Asia provides an interesting industry-specific exception to general societal conditions. The human rights organisation Freedom House ranks countries around the world from “free” to the bluntly “not free” in terms of press freedom. Both China and Vietnam rank very low on their scale. However, in articles about corruption in match-fixing in south-east Asia, many writers made a point of drawing a distinction between the reporting on general societal corruption and corruption in football. This excerpt about Chinese football from The Guardian is typical:

*Its governing body, the CFA (Chinese Football Association), is accused of complicity in match-fixing, bribe-taking and gambling. These claims have been widely investigated because the media are given more freedom to cover football — the country’s most popular spectator sport — than almost any other subject [emphasis added] (Watts 2004).*

The final factor which leads to the collapse of football leagues is one of an alternative market. I wrote in the first section of this paper that illegal gambling markets and relative deprivation were symbiotic partners in creating large amounts of corruption in sports leagues. However, one mechanism by itself may not have been enough to create large-scale corruption. The same phenomenon is seen in public awareness of match-corruption. It is not just that the public becomes aware of high levels of corruption, it is that there is also a viable alternative market that is presented to the public at approximately the same time. Soon after the public exposure of high levels of corruption in Asian football leagues, various new television stations began broadcasting European football matches like the English Premier League (EPL) and the UEFA Champions League. There is a wide gap in quality level between European and Asian games, but if the local leagues had not been deeply compromised by corruption, the new football programming may not have had much effect (SO 1-4).

There were a number of logistical and cultural challenges that European football faced in Asia. For example, most European games, if broadcast live, come on in Asia in the middle of the night. There are few Asian players playing for European teams to give fans local heroes to support. European football also misses the sectarian rivalries which give football much of its piquancy: there are no Singapore versus Malaysia or Shanghai versus Beijing games to draw people in. However, because the reputation of the local leagues had become so tarnished, EPL became widely popular at the same time as the attendances for local matches declined so dramatically (SO 1-3, 10; Blatter, 2008; J3,40).

Wilson Li is typical of a large number of ordinary Asian fans that I interviewed. When we met, he had a tattoo of the English football club Liverpool over his heart. I know because he was bare-chested, waving a Liverpool flag and singing loudly in an empty Singaporean car park with 80 of his fellow fans (Liverpool had just won a major championship). However, when I asked Li if he and his friends
supported their local Singapore team, he replied:

_We used to. Maybe ten years ago, we used to drive up to Kuala Lumpur when Singapore played. It was great; there would be 60,000 people in the stadium. But, now? There is too much bribery. The fans, they pay good money for the game, suddenly their team loses 2-0, 3-0 for nothing. Waste of money!_

Li is not alone in either his enthusiasm for European football or his dismay at the local leagues. A November 2007 Arsenal versus Manchester United match attracted more than 500 million viewers in Asia (J7). In comparison, I watched a number of Malaysian Premier League matches and there were generally fewer than 3,000 spectators in the stadium. Figure 2 shows that this is a universal trend.

Before 1989 Malaysian football was largely an amateur game played only between states in the country. In 1989 attendance at games began to rise as the new professional league, featuring teams from across Malaysia and Singapore, was founded. The 1994 season was the peak for this league, however, and at the end of the season police discovered widespread match-fixing and attendance began to decline. The decline was exacerbated in 1997 when new satellite television stations began to show live English Premier League matches. It is this introduction of new competition, which did not happen in England in the 1960s, that ensured that the league in that country did not collapse (SO 1-4, 15).

Here then is a summary of the factors that lead to a collapsed league. Leagues that have been destroyed have had high levels of fixed matches, a high level of public awareness of the corruption and the introduction of a new market that provides the fans with an alternative form of sports entertainment. Leagues, like the UK in the 1960s, that have the first two factors but not the introduction of new markets, have been able to prevent a collapse.
Conclusion

In this paper I have analysed why some leagues have more match-fixing in them than others. In the first section, I have shown that the data indicates that there are three essential reasons that lead to high corruption in football leagues: a wide network of illegal gambling, a high degree of relative exploitation of the players, and “an expectation” of official complicity with the corruption. These factors feed into each other. If the players were simply badly paid, there might be some match-fixing, but not a great deal. If there were an illegal gambling market and the players were well paid, again there might be some match-fixing but not a great deal. What really creates wide-scale corruption is when the players are badly paid and another market – the illegal gambling market – is willing to reward those same players. At the same time, many of those players perceive the officials who run the league as being involved in corrupt activities.

In the second section, I examined how situations of corruption equilibrium, where corruption is the norm, do not lead to the collapse of football leagues. Rather, it is public exposure of such situations that lead to their demise. I argue that because of the importance of public perception, many football officials deliberately suppress reports of match corruption. They do so either by failing to report it or by actively sanctioning any actor, internal or external, who raises the possibility of match corruption. However, wide public awareness is not enough to cause the demise of leagues: it is a symbiotic relationship with another market that causes the demise. In this case, just as the public was becoming more aware of corruption in the local leagues, television stations began broadcasting a new product – European football matches. These two factors led the attendance and sponsorships in the league to fall by more than 50%.

Overall, the issue of corruption in sport is of paramount importance to sponsors and marketers. Once the public has a widespread perception that an event is corrupt, they will abandon it as quickly as they did last year’s fashions. If the public has begun to abandon a sport, the sponsors will be quick to follow.

Biography

Declan Hill is an investigative journalist and academic specialising in the study of organised crime and international issues. His recent book The Fix: Soccer & Organised Crime examined the corruption at the heart of international football and has become a bestseller in 13 languages.

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Insolvency events among English football clubs

Keywords
football
soccer
finance
insolvency
Administration
Chapter 11
soft debt

Executive summary
The seeking of protection from creditors by turning to the courts is perfectly legal, but for a conventional business would normally be ‘clutching at a last straw’. Increasingly since 1986, with the introduction of new insolvency legislation, it has been a regular feature of business activity in English football. Among members of Football League Division 1 and Division 2 for the 2008-09 season, more than half have suffered an insolvency event in recent years. This paper reports on the second phase of a major research project into insolvency events in English football clubs, both professional and semi-professional. Through a review of the development and commercialisation of football, the difficulty of applying theory developed for conventional profit-seeking sectors is identified, as is the need for a methodology that incorporates both aggregative quantitative approaches and qualitative approaches that recognise the uniqueness of each club.

Abstract
This paper identifies five types of insolvency in English football: clubs that have failed to cope with relegation; failed to pay monies due to the UK government; seen ‘soft debts’ become ‘hard debts’; lost the ownership of their stadium; or have been ‘repeat offenders’. As the second of a three-phase research project, the paper concludes with an indication of the final phase research and implications of the findings so far for other professional sports.

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phase, a series of five types of insolvency are identified: clubs that have failed to cope with relegation; clubs that have failed to pay monies due to the UK government (in the form of taxes, National Insurance contributions etc); clubs that have seen ‘soft debts’ become ‘hard debts’; clubs that have lost the ownership of their stadium; and the ‘repeat offenders’.

The paper concludes with an indication of the lines of research to be undertaken in the third and final phase of the wider research project, and an indication of the implications of the research findings so far for other professional sports.

Introduction

Facing financial difficulty is not a problem unique to English football (i.e. Association Football) clubs. The scale at which English football clubs now enter Administration (court protection from their creditors), however, is now so great that it might almost be seen as a legitimate business tactic. Although clubs have, since 2003, faced points deduction for following this course of action, there are increasing calls for automatic relegation from the chairman of some clubs, including Graham Turner of Hereford United and Barry Hearn of Leyton Orient. They argue that clubs entering Administration have been ‘spending money that they have not got’, thereby gaining an unfair advantage. While this is not a universally held view, the fact that it is promulgated is evidence that some see a scandal in the way that many English football clubs are run.

Football clubs facing financial difficulties are certainly not a new aspect of the game. After the Football Association reluctantly allowed professionalisation in 1885, and indeed for some years before this, when illegal payments to supposedly amateur players had become almost the norm in a number of the clubs who would come to dominate the professional game, cashflow (and profit and loss) became an inevitable issue. Most clubs changed their legal format to become limited companies because the responsibility of maintaining payments to their employees, the now openly professional players, and to suppliers, placed the owners of the clubs in a financially vulnerable position.

In the early days of the professional game the challenge to balance the books, let alone make a profit, proved too much and some clubs were wound up, unable to continue as viable businesses. By the time of the resumption of professional football at the end of the First World War, however, the professional game had shaken down to a reasonable level of stability among the surviving clubs. It was not until 1962, when Accrington Stanley resigned from the Football League because of debts of £63,000 which could not be met, that insolvency reappeared as a real threat to English clubs.

From that time until the mid-1980s, the threat of insolvency remained a rarity. When a financial crisis loomed, clubs tended either to negotiate deals with their creditors or, in the more extreme cases, to liquidate themselves voluntarily, only to reappear promptly with a new or even the same owner. Normally the club, in effect, reappeared with a new variation of its name for the business, typically adding the year in brackets to distance themselves from the club’s previous manifestation yet maintain social continuity for the sake of the fans. Examples include Wolverhampton Wanderers (1982), Charlton Athletic (1984), Middlesbrough (1986) and Fulham (1987).

The introduction of the 1986 Insolvency Act, and more recently the 2002 Enterprise Act, provided a less drastic option for any business seeking protection from its creditors. An Administrator could be appointed by the courts with the brief to attempt to rescue the business. While this might often still lead to a change in ownership, it allowed the business to continue trading while the Administrator negotiated with the creditors to find an acceptable level of debt settlement.

1 Known in the accounting trade as ‘phoenixing’, this is a process which, despite various safeguards, is still wide open to abuse. The case of the £10 buyout of Rover from BMW by the “Phoenix Consortium” is one of the most notorious, when Rolls Royce ran out of cash in 1971.
Once this had been achieved, the business entered a Companies Voluntary Agreement (CVA) with the creditors, with a legally binding schedule for repayment, and control of the company passed from the Administrator back to the owner(s), whether the original owner(s) or new owner(s) who had bought the business from the Administrator.

In English football today there are two specific consequences of a club ‘going into Administration’ or a similar insolvency event:

- **Points deduction**
  For most leagues the sanction is the deduction of 10 points, although the Premier League only sanctions a deduction of nine points.

- **Requirement to exit from Administration into a CVA**
  This sanction has been introduced to ensure that an acceptable agreement has been reached with the club’s creditors.

The term ‘insolvency event’ is used so that circumstances similar to entering Administration are also covered. The definition of ‘insolvency event’ used by the Football League is given in Exhibit 1.

Because the process of entering Administration is designed to help ailing businesses rather than hard-pressed creditors, it is seen as a relatively soft option by football’s governing bodies. Perhaps more than in any other business sector, survival of the business, i.e. the club, is seen as highly desirable. That is not to say that totally insolvent clubs have not been allowed to go to the wall, but it is a relatively rare event, with the two most recent cases (Aldershot Town and Maidstone United) occurring as long ago as the early 1990s.

Sanctions were introduced following a spate of insolvencies in 2002 to act as a deterrent to clubs going down this route and potentially failing to meet their debts in full – ‘spending money they didn’t have’.

Clubs such as Boston United, Leeds United and Leicester City were perceived as having exploited the new rules in order to minimise the impact. If a club entered Administration when it was already hovering on the brink of relegation, it was desirable from the club’s perspective to have the points deducted during the current season; in effect, the deduction would have no impact. New regulations established a ‘cut-off point’ of the third Thursday in March, after which a club entering Administration would suffer the deduction of points in the following season.

**The literature context**

Although the failure of a business is clearly a topic worthy of research, it was not until Argenti (1976) that a formal analysis of business failure was made. He highlighted the importance of distinguishing between the causes of failure and the symptoms of failure. This research project acknowledges that its focus is on the symptoms of failure, and that any causal relationship between symptom and cause will be, at best, tentative.

The project also draws to some extent on the approach supported by Anheier and Moulton, who argue that there are distinct approaches to the study of failure: organisational, political, cognitive and structural (Anheier & Moulton, 1999a, 1999b). This work in the football sector, however, suggests that these approaches are less distinct and are in fact inter-related. Anheier and Moulton further suggest that there are four aspects of failure to be explored: concept, cause, process and implications.

Because it involves a specific legal process, bankruptcy, which in the context of this study includes the liquidation of incorporated bodies, is the most studied form of failure, and many studies have explored organisations in this category. Related terms are ‘insolvency’, which is best thought of as bankruptcy without the legal process that pushes an organisation over the edge, and ‘financial distress’, but these states are not sufficiently clear-cut to be easily researched; indeed, such states are normally concealed as far as possible. Because we are conducting a qualitative study and are particularly interested in behaviour at the margins, we are going to use these words precisely and as follows:
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EXHIBIT 1  Definitions of ‘insolvency event’

‘INSOLVENCY EVENT’ REFER TO ANY ONE OF THE FOLLOWING:

A  A MANAGER, RECEIVER, ADMINISTRATOR, ADMINISTRATIVE RECEIVER, LIQUIDATOR, PROVISIONAL LIQUIDATOR OR SUPERVISOR TO A VOLUNTARY ARRANGEMENT IS APPOINTED IN RESPECT OF A FOOTBALL CLUB OR ANY PART OF ITS UNDERTAKING OR ASSETS

B  A FOOTBALL CLUB APPLIES FOR AN ADMINISTRATION ORDER (AS DEFINED IN SECTION 10 OF SCHEDULE B (I) OF THE INSOLVENCY ACT 1986) OR AN ADMINISTRATION ORDER IS MADE IN RESPECT OF IT OR IT OTHERWISE ENTERS INTO ADMINISTRATION

C  A WINDING-UP ORDER IS MADE IN RESPECT OF A FOOTBALL CLUB

D  A FOOTBALL CLUB ENTERS INTO ANY ARRANGEMENT WITH ITS CREDITORS OR SOME PART OF THEM IN RESPECT OF THE PAYMENT OF ITS DEBTS OR ANY OF THEM AS A COMPANY VOLUNTARY ARRANGEMENT (UNDER THE INSOLVENCY ACT 1986 OR INSOLVENCY ACT 2000) OR A SCHEME OF ARRANGEMENT (UNDER THE COMPANIES ACT 1985)

E  A FOOTBALL CLUB PASSES A RESOLUTION PURSUANT TO SECTION 84 (I) (C) OF THE INSOLVENCY ACT 1986 TO THE EFFECT THAT IT CANNOT BY REASON OF ITS LIABILITIES CONTINUE ITS BUSINESS AND THAT IT IS ADVISABLE TO WIND UP

F  A FOOTBALL CLUB CEASES OR FORMS AN INTENTION TO CEASE WHOLLY OR SUBSTANTIALLY TO CARRY ON ITS BUSINESS SAVE FOR THE PURPOSE OR RECONSTRUCTION OR AMALGAMATION OR OTHERWISE IN ACCORDANCE WITH THE SCHEME OF PROPOSALS THAT HAVE PREVIOUSLY BEEN SUBMITTED TO AND APPROVED IN WRITING BY THE BOARD

G  A FOOTBALL CLUB CONVENES A MEETING OF ITS CREDITORS PURSUANT TO SECTION 95 OR SECTION 98 OF THE INSOLVENCY ACT 1986


- **Bankrupt/in liquidation**: the situation whereby due legal process control of an organisation has passed from its directors to an outside independent party, normally known as an Administrator (hence the state of being ‘in Administration’) or Receiver, who acts in the interests of the creditors.

- **Insolvent**: unable to meet your obligations as they fall due. The most high-profile recent UK insolvency was the Channel Tunnel. The creditor banks were owed billions of pounds but it suited them to influence the directors rather than to appoint a Receiver and, indirectly, to receive ownership of a hole in the ground. Broadly this definition incorporates the definition of ‘insolvency event’ given in Exhibit 1.

- **Financially distressed/illiquid**: short of money. By their nature these are not precise terms.

- **Liquid**: with surplus cash, for example after a small club sells a star player or has an unexpected cup run.

Authors have tended to try and associate bankruptcy with the study of a particular business facet, such as cash-based fund flows (Aziz et al, 1988), agency and prospect theory (D’Aveni, 1989a, 1989b), governance structures (Daily & Dalton, 1994), inter-organisational linkages and financial leverage (Sheppard, 1994) and a variety of factors (Daily, 1994).

The prediction of bankruptcy through the use of financial data has prompted considerable research. Altman developed a model that offered a reasonable degree of success in predicting bankruptcy two to three years ahead of the event (Altman, 1968). This model was refined and adapted for use in the United Kingdom by Taffler and Tisshaw. Among the examples...
they said would have been predictable with their model was the 1973 collapse of Court Line (Taffler & Tisshaw, 1977). Altman further developed his predictive model (Altman et al, 1977), and it has been still further developed more recently by Zopounidis and Dimitras (1998).

Morris (1998) casts doubts, however, on the accuracy of such models, because of the high rate of misclassification error, their self-fulfilling nature, and the fact that many bankruptcies are due to ‘unforeseeable’ circumstances.

The particular nature of sport as business – exemplified in the Commission of the European Communities’ White Paper on Sport (2007), which argues that there is a ‘specificity’ to sport – suggests that application of general theoretical frameworks may be problematic. The general literature therefore offers less than might be hoped for and is unlikely to be a fertile source for research in a sub-sector where the profit motive is not paramount and is balanced with the desire for sporting success. Many of the ‘investors’ in football clubs do not expect a return or repayment.

The argument that individual sectors need individual ‘recipes’ has been well rehearsed by Spender (1989, 1998), and an objective of this project is to produce an individual analysis of insolvency – individual in that it is recognised from the outset that it is highly unlikely that it will be generalisable beyond the sports industry.

Within the football sector, interest in the performance nexus – on the pitch and in financial terms – grew as the post-commercialised phase of business evolution emerged following the formation of the Premier League and the first BSkyB broadcasting rights contract (Beech, 2004). Within a decade there was an extensive literature (see, for example, Conn, 1997; Szymanski & Kuypers, 1999; Hamil at al, 1999; Morrow, 1999; and Hamil et al, 2000) but the emphasis was in general on success or on lack of success. Two more recent examples from the literature do focus on failure: Buraimo et al (2006) and Emery & Weed (2006). They are of particular interest in that they adopt strongly different approaches. While Buraimo et al concentrate on the analysis of aggregated financial data with relatively little consideration of individual clubs, and are thus entirely quantitative, Emery and Weed begin from this perspective but then focus on a single case study (of Lincoln City), considering both the financial failure and the subsequent recovery.

While both these contrasting approaches are attractive and insightful, it is clear that a methodology covering both aggregated and individual data and quantitative and qualitative data is likely to give the richest analysis. This research project uses both and thus offers a new approach to the subject.

Methodology

The originally planned methodology for this research project has been described elsewhere (Beech et al, 2008). It is summarised as a three-phase project:

1. **An exploratory phase to define the scope of the project.** This included identifying the temporal scope – the date from which the study should begin – and the spatial scope – in particular, whether to look at football in Britain or just in England. Once the temporal scope had been identified, a timeline of relevant external events was to be developed.

2. **A phase of data gathering and analysis.** Data gathering consisted of identifying all instances of insolvency during the chosen period, building a mini case study of each instance, identifying the factors which proved relevant in each case, mapping the data gathered together with any further data identified as being needed for the investigation, and mapping this data into a database. The structure of the database would be such that it could be sorted in ways that would lead to the identification of types\(^2\) of club insolvencies.

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\(1\) The term ‘type’ has been chosen over ‘ideal model’ or ‘exemplar’ in order to avoid a positive connotation.

\(2\) The term ‘type’ has been chosen over ‘ideal model’ or ‘exemplar’ in order to avoid a positive connotation.
3. In a third phase, each type would lead to specific clubs being identified for deeper investigation, involving interviews with key decision-makers in individual insolvencies.

The first phase has been reported in Beech, Horsman and Magraw (2008). The current paper updates the findings and then reports on the types that have been identified so far in Phase 2. It should be made clear that the types are not mutually exclusive; rather, some clubs can be characterised under more than one type, suggesting that there may be causal connections between the types.

Scope of project

The original scoping of the project had defined the time period to be investigated as being from the introduction of the 1986 Insolvency Act. However, a number of insolvency events that occurred in the early 1980s have emerged. The timeframe has therefore been extended as far back as to begin with the demise of Accrington Stanley in 1962, the first collapse of a major club since the early years of the game. This has resulted in a database that includes 96 instances of insolvency events, involving 79 clubs. Of these clubs, 69% had played in the top four tiers, and 85% in the top five flights.

Figure 1 shows the distribution of insolvency events in each season in recent times, up to and including the case of Darlington going into Administration on 25 February 2009. At this point in the season only Darlington and Ringmer had entered Administration, although winding-up orders had been posted against several other clubs and it is likely that by the end of the season a second peak will have emerged.

Although the collapse of ITV Digital on 27 March 2002 received considerable coverage in the immediate aftermath as a cause of Administrations, the evidence from the current research suggests that its role was more as a catalyst than as a direct cause. The number of Administrations per season was already on the rise, and examination of individual cases reveals that most
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clubs that faced insolvency events in the year after the ITV Digital collapse had debts that were considerably higher than the loss of revenue from broadcasting rights.

Before the data were reviewed to identify types, an attempt was made to establish whether there were any features of the circumstances of the insolvency events that might be described as broadly symptomatic of all insolvency events. In the absence of any benchmarking data for other business sectors, it proved problematic to identify any that were unique or even unusual for the football sector. However, the following are noted as worthy of further research in a multi-sector context:

• Incidences of liquidation were unusual, especially among clubs in the higher (professional) tiers. Where a club was liquidated, it was normally resurrected through the efforts of supporters, re-entering the league pyramid several tiers down. Until the 1980s, however, liquidation and immediate re-formation at the same point in the pyramid was not uncommon.

• The exit from Administration generally arose through a new owner buying the club from the Administrator. The success of the new owner was often a function of the extent to which debts had been written off, a process which lately happens through a mandatory Company Voluntary Agreement (CVA).

• The football sector is increasingly being served by insolvency practitioners who are specialising in football clubs. Such specialists include Begbies Traynor (7 occurrences), Kroll Buchler Phillips and their predecessors (10), and PKF (3).

Against this general background, five types have been identified.

Type 1: Clubs that have failed to cope with relegation

There is a cost to being relegated. There are the drops in matchday revenues and merchandising that result from fans drifting away from the club, and there is a significant incremental drop in broadcasting revenues, the biggest of which results from relegation from the Premier League to the Championship.

Although parachute payments have been introduced as a softening of the blow, they may prove inadequate for a club that has not planned for the possibility of relegation, and may in any case lead to the ‘bounce back’ or ‘yo-yoing’ phenomenon, where clubs repeatedly move between the same two divisions in consecutive seasons. To match these drops in income a club must reduce its costs, most notably its salary bill. This is frequently problematic:

• Most contracts between clubs and players are mid-term in nature while playing success is short term, resulting in clubs having an inability to flex their cost base as their revenue changes.

• Many clubs never do scenario budgeting. They stumble into a relegation plan rather than having plans and flexibility based upon all eventualities.

• Clubs may have ‘panicked’ into purchasing players they can ill afford in an attempt to stave off relegation. A notable example was the case of Bradford City, relegated from the Premier League in 2001. Chairman Geoffrey Richmond described the period fighting relegation as “six weeks of financial madness” (Guardian, 2002), a reference in particular to the club’s purchase of Benito Carbone in August 2000 for a signing on fee of £2m and a further £4m over four years.
Until very recently clubs failed to include negative performance-related clauses in players’ contracts. In the case of Bradford and Carbone, the club was committed to paying Carbone at the rate of £40,000 per week even after relegation.

By the summer of 2004 Bradford City were in Administration for the second time and were having to ask players to defer their wages.

A third characteristic identified was the high-risk strategy and related phenomenon of clubs buying players immediately after relegation in the hope that a bolstered squad would enable the club to achieve promotion within one season.

In 20 cases the insolvency event occurred within a year of relegation. A further five occurred in the second year and eight in the third year. In summary, 33 of the 96 insolvency events (34%) occurred within three years of relegation.

In a smaller number of cases promotion had also proved problematic; indeed, ‘yo-yoing’ between divisions ensures a club lacks the stability for effective financial planning. Swansea Town, for example, who were promoted on five occasions and relegated on five in the period from 1981 to 2008 faced insolvency events in 1985 and 2003. Similarly, between 1977 and 1989 Wolverhampton Wanderers were promoted four times and relegated four times; the club faced two insolvency events in this 12-year period.

Type 2: Clubs that have failed to pay monies due to the government

Clubs, like any business, incur liabilities to the government. First, they collect Value Added Tax (VAT) for the services they provide. The monies collected thus belong to the government and the club is merely collecting and holding them on the government’s behalf. Second, a series of payments which might loosely be termed taxation, accrues. The largest of these is likely to be the income tax on employees, notably from players’ salaries and normally deducted from salaries under the Pay As You Earn (PAYE) scheme. Other liabilities to the government include National Insurance deductions from employees’ salaries. If a club sells its stadium or training ground, it may be liable to pay Capital Gains Tax.

Until April 2005 two UK government agencies were involved – the Inland Revenue and Customs & Excise. Now the two bodies operate as a single agency, Her Majesty’s Revenue and Customs (HMRC). Under UK law the agencies used to enjoy a ‘preferred creditor’ status – in the event of Administration or even liquidation they had a right to monies due to them in preference to other creditors. In September 2003 they lost this status following a change in the law. In practice this meant that since then they have had a less preferential status than ‘football creditors’ (for example, clubs owed money as unpaid transfer fees). Football creditors include clubs, players and leagues, but not managers or other members of the club’s non-playing staff. This is a strong rule to enable the football authorities to prevent unfair use of Administration to buy success on the pitch and then not pay for it. On the one hand it provides the governing body with a strong control mechanism, but it means that payments will be paid to football creditors in priority to, for example, monies collected by the club on behalf of HMRC in the form of VAT.

In response to this change in status HMRC has increasingly opposed proposed CVAs that would see them forced to accept low levels of repayment.

In this context it might be expected that football clubs would be conscientious in making payments due to the government. Although details of debts due in insolvency events are not always in the public domain, some information has been reported in 62 instances – 52 (84%) of these included debts due to the government agencies. There is little evidence to show any change in attitude either in 2003, with the change in the law, or in 2005, with the change in organisation of the agencies.

The picture that emerges is thus one of a cavalier
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attitude to payment and a willingness to drift into confrontation. There is very limited evidence that winding-up orders have been fought and a mutually acceptable payment schedule negotiated, for example in the cases of Southend United in 2000 and Grimsby Town in 2004. In the latter case the debt was reported to be close to £500,000. This suggests that football clubs not only tend to be reluctant payers but also reluctant negotiators.

It may be the case that clubs are crisis managers rather than planners, a view supported by the industry observations of one of the authors.

Type 3: Clubs that have seen ‘soft’ debt become ‘hard’ debt

A business model in which a football club becomes dependent on the largesse of a benefactor-owner has become increasingly common. The most notable example is Chelsea, where Roman Abramovich is reported as having sunk half a billion pounds into the club in the form of ‘soft’ debt, i.e. debt which will not be called in. While the Chelsea case is exceptional in its scale, many clubs operate business models that would be unsustainable without a benefactor. The presence of a benefactor has a secondary positive impact in that his presence on the Board of the club facilitates borrowing by acting as a guarantor.

The limitation of this business model is reached when the ‘soft’ debt becomes ‘hard’ debt. It is the frequent cause of an insolvency event as the speed with which support is withdrawn may be dramatic. This instability in a club’s finances can result from a number of circumstances:

• the death of the benefactor (e.g. Sir Jack Hayward at Wolverhampton Wanderers)

• the withdrawal of the benefactor through personal circumstances (e.g. Thaksin Shinawatra at Manchester City)

• the failure of a benefactor to provide the support promised (e.g. Spencer Trethewy, Aldershot Town)

• the withdrawal of a benefactor through age (e.g. Ken Booth, Rotherham United)

• the loss or shift in interest of the benefactor (e.g. Vic Green from Hendon to Stevenage Borough and Graham Westley from Farnborough to Stevenage Borough)

• the sudden loss in wealth of the benefactor (e.g. the Kumar brothers, Birmingham City, and Mike Connett, Northwich Victoria).

All examples except the first two have triggered insolvency events.

Type 4: Clubs that have lost the ownership of their stadium

The conversion of ‘soft’ debt into ‘hard’ debt is often precipitated by the transfer in ownership of the club’s stadium, or less frequently its training ground, from the club to its owner, particularly in the case of withdrawing owners – Rotherham United and Northwich Victoria noted above fall into this category.

Owning one’s stadium is a basis for better financial stability, and losing that ownership has three possible negative financial implications:

• the reduced asset base lowers the club’s credit rating, making it more difficult to take on loans or continue with an overdraft

• opportunities for income through stadium- and stand-naming rights are closed to the club

• unless the tenancy of the stadium has an exclusivity clause, the club may have to see revenue-generating non-football events taking place in the stadium for the benefit of others.
While the shift in ownership may be an enforced and understandable outcome of benefactor withdrawal, the data revealed a worrying number of instances of bad management and even unethical and/or illegal practices. Examples in clubs subsequently involved in insolvency events include:

- **Barrow**
  Ownership of the stadium had passed to owner Stephen Vaughan's company, Vaughan Promotions, and was only returned to the club following legal action by the Administrator.

- **Brighton and Hove Albion**
  The Goldstone Ground was sold for development because the club was in severe financial difficulties. However, this was completed before alternative arrangements had been made, and the club became nomadic for a number of seasons.

- **Leeds United**
  Again because of severe financial difficulties, the Elland Road stadium and the Thorp Arch training complex were sold in 2004 on a sale-and-lease-back basis with an option to buy back. In 2009 the stadium is in the ownership of the Teak Trading Company, based in the British Virgin Islands.

- **Wrexham**
  The then owner, Alex Hamilton, sold the club's stadium for redevelopment. As in the case of Barrow, the club only regained ownership through legal action by the Administrator.

These are in marked contrast to cases where the stadium has been used creatively in asset management. Despite being unpopular with fans, mergers have been done successfully – Dagenham & Redbridge, Ebbsfleet (formerly Gravesend & Northfleet), Havant & Waterlooville, Hinckley United (formerly Hinckley Athletic and Hinckley Town), Rushden & Diamonds, and Solihull Moors (formerly Solihull Borough and Moor Green).

### Type 5: The ‘repeat offenders’

A number of clubs have faced insolvency events on more than one occasion. These are listed in Table 1. There are thus 17 instances of an insolvency event reoccurring. The frequency at which these re-events have occurred is set out in Table 2: 47% are within four years of the previous event; 68% are within seven years. The relatively rapid re-occurrence may, from one perspective, be unsurprising – the first occurrence implies that the club was already in a weak financial position; factors such as poor attendance at matches, with resultant poor revenue streams, might be expected to be a continuing problem. However, it might also be argued that lessons had not been learned. Table 3 shows the debts of the clubs at the time of the insolvency events.

Only in the cases of Darlington (2009), Luton Town (2007), possibly Rotherham United (2008), Swansea City (2003) and Swindon Town (2002) were the debts at a lower level than in the preceding insolvency event. This is a surprising outcome as in the preceding insolvency it would have been typical for some of the ambient debt to have been written off in agreement with the creditors (paying perhaps as little as 10p in the £), and again typically the club would have been bought from the Administrator by a new owner with an injection of cash to put the club back on to a firm financial basis. Possible explanations for this are naivety on the part of new owners (as for example with the 19-year-old new owner of Aldershot Town, Spencer Trethewy), inability to reduce costs (at Rotherham United, for example, where the recovery of the stadium by the ex-Chairman, Ken Booth, in lieu of repayment of loans, resulted in a rent charge of approximately £200,000 a year, which the club felt unable to meet when attendances fell to below 4,000) and/or reduced revenues resulting frequently from relegation. It must be noted that falling into Administration may be the cause of a relegation with the introduction of the 10 point penalty in 2003 (see Beech, 2009, for a discussion of the dysfunctional outcomes of points deductions).
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### TABLE 1  Clubs with more than one insolvency event

<table>
<thead>
<tr>
<th>CLUB</th>
<th>Events</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALDERSHOT</td>
<td>(1990; 1992)</td>
</tr>
<tr>
<td>BOURNEMOUTH</td>
<td>(1997; 2008)</td>
</tr>
<tr>
<td>BRADFORD CITY</td>
<td>(2002; 2004)</td>
</tr>
<tr>
<td>CRAWLEY TOWN</td>
<td>(1999; 2006)</td>
</tr>
<tr>
<td>DARLINGTON</td>
<td>(1997; 2003; 2009)</td>
</tr>
<tr>
<td>EXETER CITY</td>
<td>(1994; 2003)</td>
</tr>
<tr>
<td>LUTON TOWN</td>
<td>(1999; 2003; 2007)</td>
</tr>
<tr>
<td>ROTHERHAM UNITED</td>
<td>(1987; 2006; 2008)</td>
</tr>
<tr>
<td>SCARBOROUGH</td>
<td>(1999; 2003)</td>
</tr>
<tr>
<td>SWANSEA CITY</td>
<td>(1985; 2003)</td>
</tr>
<tr>
<td>SWINDON TOWN</td>
<td>(2000; 2002)</td>
</tr>
<tr>
<td>WOLVERHAMPTON WANDERERS</td>
<td>(1982; 1986)</td>
</tr>
</tbody>
</table>

### TABLE 2  Frequency of re-occurrence of an insolvency event

<table>
<thead>
<tr>
<th>NO. OF YEARS BETWEEN EVENTS</th>
<th>NO. OF OCCURRENCES</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>6</td>
<td>3</td>
</tr>
<tr>
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<tr>
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</tr>
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<td>1</td>
</tr>
<tr>
<td>18</td>
<td>1</td>
</tr>
<tr>
<td>19</td>
<td>1</td>
</tr>
</tbody>
</table>

### TABLE 3  Clubs with repeat instances of insolvency events

<table>
<thead>
<tr>
<th>CLUB</th>
<th>REPORTED DEBTS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td>ALDERSHOT</td>
<td>£0.494M (1990)</td>
</tr>
<tr>
<td>CRAWLEY TOWN</td>
<td>£0.4M (1999)</td>
</tr>
<tr>
<td>SCARBOROUGH</td>
<td>£0.6M (1999)</td>
</tr>
<tr>
<td>SWANSEA CITY</td>
<td>£1.5M (1985)</td>
</tr>
<tr>
<td>WOLVERHAMPTON WANDERERS</td>
<td>?? (1982)</td>
</tr>
</tbody>
</table>
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Conclusion

At this stage in the research project (Phase 2), a number of general conclusions may be drawn tentatively. It would appear that insolvency has indeed become almost a ‘legitimate’ tactic in a football club’s business strategy. The scale at which it has happened is summarised in Table 4.

It should be remembered that the figures in Table 4 refer to the present constitutions of the tiers but that the insolvency events may have occurred while a club was in membership of a different tier. Table 5 shows a breakdown by tiers at the time of the insolvency event.

Clubs are thus at their most vulnerable in Tier 4. However, as this data includes the pre-commercialised era of modern football, the tendency will be for the peak to drift towards Tiers 5 and 6. At these levels, they were historically amateur clubs, which typically have professionalised on promotion but are showing no evidence of giving up professional status when relegated, thus putting themselves under financial pressure. For example, in the summer break of 2008 Northwich Victoria paid its players £70,000 notwithstanding that their average attendance during the previous season had been only 829 and the club faced debts reported to be millions of pounds.

Five types have been identified and will be explored in the third phase of the research project. The types are not mutually exclusive and any possible causal links will be explored.

The overall impression of English football clubs is that they face insolvency at an alarming rate and too few have developed sustainable business models to avoid it, or even avoid a repetition of insolvency. While the calls for further punishment such as compulsory relegation are understandable, they approach the issue as a problem whose symptoms need treating, rather than one whose causes need

<table>
<thead>
<tr>
<th>TIER</th>
<th>NO. OF CLUBS</th>
<th>% THAT HAVE SUFFERED AN INSOLVENCY EVENT</th>
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<tbody>
<tr>
<td>1 – PREMIER LEAGUE</td>
<td>20</td>
<td>20%</td>
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<tr>
<td>2 – CHAMPIONSHIP</td>
<td>24</td>
<td>46%</td>
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<td>3 – FOOTBALL LEAGUE 1</td>
<td>24</td>
<td>54%</td>
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<tr>
<td>4 – FOOTBALL LEAGUE 2</td>
<td>24</td>
<td>62.5%</td>
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<tr>
<td>5 – CONFERENCE NATIONAL</td>
<td>24</td>
<td>33%</td>
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<tr>
<td>6 – CONFERENCE NORTH &amp; SOUTH</td>
<td>44</td>
<td>5%</td>
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<tr>
<th>TIER</th>
<th>% THAT SUFFERED AN INSOLVENCY EVENT WHILE IN THE TIER</th>
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<tr>
<td>1 – CURRENTLY PREMIER LEAGUE</td>
<td>0%</td>
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<tr>
<td>2 – CURRENTLY CHAMPIONSHIP</td>
<td>15%</td>
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<tr>
<td>3 – CURRENTLY FOOTBALL LEAGUE 1</td>
<td>21%</td>
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<tr>
<td>4 – CURRENTLY FOOTBALL LEAGUE 2</td>
<td>30%</td>
</tr>
<tr>
<td>5 – CURRENTLY CONFERENCE NATIONAL</td>
<td>15%</td>
</tr>
<tr>
<td>6 – CURRENTLY CONFERENCE NORTH &amp; SOUTH</td>
<td>11%</td>
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<tr>
<td>7 – AND LOWER</td>
<td>7%</td>
</tr>
</tbody>
</table>
Insolvency in English football

English football is a sport that is well into the post-commercialised phase of its development (Beech, 2004). As such, it is currently offering an exemplar of how not to run a sports business. By surfacing the root causes of the problem it is hoped that lessons can be learned for other sports at the height of their commercialisation phase.

A note on the database
The database consists of data files on all clubs discovered to have faced an insolvency event. In the course of Phase 1 it became clear that a number of clubs had come within a hair’s breadth of an insolvency event (Coventry City, for example, coming within 30 minutes of Administration in 2007), and currently files have been built on the 116 clubs in the top five tiers and a further 40 on clubs who have suffered or nearly suffered insolvency events.

Data have been drawn from the following sources: BBC News website; Google; LexisNexis (the e-database of newspaper articles from 1985); club websites; supporters trust websites; Wyn Grant’s The Political Economy of Football website; the Clubs in Crisis website; and the current and archive websites of local and national newspapers.

For earlier insolvency events, club-specific books, such as Allan and Bevington (1996), have been used.

Data on promotion and relegation have been taken from the Football Club History database.

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Biographies

Dr John Beech is Head of Sport and Tourism at Coventry University and researches in both the Centre for the International Business of Sport (CIBS) and the Applied Research Centre for Sustainable Regeneration (SURGE). His sports research interests currently focus on the (mis)management of English football clubs.

Simon Horsman is a senior lecturer in Accounting, Strategy and Business at Coventry University, where he brings a holistic approach to business. His interests include personal finance, accounting, entrepreneurship, organisational development and organisational politics, strategy and information systems (old and new) and the teaching process.

Jamie Magraw joined the FA in 2000 to determine whether the FA could improve financial standards within the game. This resulted in the FA Financial Advisory Unit (FAU) being established in March 2000. In August 2002 he became Finance Director of the FA, leaving in September 2003 to establish a number of companies.
Insolvency in English football

References


When does alcohol sponsorship of sport become sports sponsorship of alcohol? A case study of developments in sport in Australia

Keywords
alcohol sponsorship
alcohol marketing
sport
culture
young people

Abstract
Alcohol sponsorship of sport is common in Australia, with much debate about the appropriateness of linking sport with alcohol advertising and promotion. This paper provides examples of such sponsorships to appreciate the extent and nature of the complex relationship between sport and alcohol sponsors. The public health and policy implications of alcohol sponsorship of sport extending to creating a sporting competition purely to promote an alcohol brand are considered.

Executive summary
Sponsorship of sporting events by the alcohol industry is a common practice in Australia, perhaps even more so than in other countries, and there is currently much debate between industry groups and public health advocates about the appropriateness of inexorably linking sport with the advertising and promotion of alcohol. The aim of this paper is not to provide a systematic audit of all alcohol sponsorships of sporting teams and events in Australia, but rather to provide some illustrative examples of current alcohol sponsorships that have been reported in the trade press, and to review in detail a current case study to appreciate the extent and nature of the complex relationship between sport and alcohol sponsors. It is not uncommon for professional sporting competitions to have more than one alcohol sponsor, although rarely in competing product categories. Australian cricket provides a good example of this scenario. Foster’s VB has the naming rights for Australia’s annual one-day cricket series, but comfortably shares sponsorship with a brand of scotch whisky. However, in this saturated market, competing alcohol companies develop a range of strategies to form a link in the minds of consumers between their
brand and Australia's national summer sport. While these include marketing tools such as advertising campaigns, interactive websites, promotional materials and devices that associate sporting teams and individual players with the consumption of alcohol, Lion Nathan took this one step further by creating a sporting competition (the XXXX Beach Cricket Series) purely to promote an alcohol brand. Despite some claims of unethical conduct – mainly related to accusations from Foster's of ambush marketing – this marketing campaign was welcomed and even celebrated by the media, sports fans and governments (including local councils and even John Howard, the then Australian prime minister).

It was suggested in the late 1990s that public awareness of the impact of alcohol abuse on society would lead to increasing pressure to regulate alcohol sponsorship of sporting events, and public health advocates having been calling for such regulation for more than a decade. However, the Australian government does not appear to be heeding the call, despite mounting evidence that the symbiotic relationship between alcohol and sport in Australia is a key contributor to alcohol-related harm. Not only is alcohol sponsorship of sport thriving, we are now seeing sports sponsorship of alcohol.

Alcohol and sport in Australia

Drinking behaviours and attitudes are strongly influenced by social and cultural norms and by the social situation in which alcohol is consumed (e.g. Greenfield & Room, 1997; McDaniel et al, 2001). The close association between alcohol and sport is particularly problematic, with evidence that young people who watch televised sport are exposed to extensive alcohol advertising (Centre on Alcohol Marketing and Youth, 2003) and that those young people who are sports fans drink more alcohol and experience more alcohol-related problems (Nelson & Weschler, 2003).

Among Australian teenagers and young adults consumption of alcohol is typically associated with sport as an important component of post-game celebrations (McGuifflcicke et al, 1991). However, it is also associated with the general ethos of being part of the team, and men in particular are more likely to drink excessively when socialising with members of their sporting team than with other groups of friends (Black et al, 1999).

Australia has been described as “a model case where alcohol and sport are united in a close partnership” (Munro, 2000, p.199). For example, a survey among Queensland-based surf lifesaving, rugby union and Australian Rules football club patrons found that 40% usually drank five or more alcoholic drinks on each visit, 22% drank seven or more, and 5% drank 13 or more (Connolly, 2006); this is significantly more than the recommended maximum of four standard drinks (National Health & Medical Research Council, 2009).1 Australian studies have shown that non-elite sportspeople consume excessive levels of alcohol, and that members of male sporting teams feel pressured to drink alcohol because of the masculine image of sporting activity and mateship (Lawson & Evans, 1992).

Alcohol sponsorship of sport

Much of the focus of research and advocacy has been on alcohol advertising during sports telecasts – for example, an analysis of US media spend showed that the alcohol industry spent more than $540 million on advertising in sports programmes on television (Centre on Alcohol Marketing and Youth, 2003). Alcohol, and the promotion and advertising of alcohol, has been associated with sporting events for many decades and in most countries, to the extent where it has been

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1 The Australian National Health & Medical Research Council (NHMRC) recommends that adults drink no more than two standard drinks on any day to reduce the lifetime risk of harm from alcohol-related disease or injury, and no more than four standard drinks on a single occasion to reduce the risk of alcohol-related injury arising from that occasion.
argued that it would “be unusual to view a sporting event without seeing some form of event signage or a commercial for an alcohol or tobacco brand” (McDaniel et al., 2001). A review of national, regional and club-level sports sponsorships in New Zealand found that sponsorship of those sports popular among young people was predominantly for gambling, alcohol and unhealthy food, with rugby in particular dominated by alcohol sponsors (Maher et al., 2006).

Australian data shows that young people aged 13 to 17 are exposed to only slightly less television advertising for alcohol than those aged 18 to 29, with a large proportion of this occurring as a result of viewing sporting events (King et al., 2005). While the influences on alcohol consumption, and particularly alcohol consumption among young people, are complex and multi-faceted, there is clear evidence that alcohol advertising is a key contributor. There is a large body of evidence to demonstrate that exposure to alcohol advertising influences alcohol expectancies (e.g. Grube, 1995; Stacy et al., 2004), drinking intentions (e.g. Kelly & Edwards, 1998; Stacy et al., 2004), and perceptions of drinking as a normative behaviour (e.g. Casswell, 1995; Lieberman & Orlandi, 1987). Further, three longitudinal studies from the United States have confirmed the direct association between exposure to alcohol advertising and subsequent drinking. In particular, these studies have shown that those who viewed more alcohol ads in the seventh grade were more likely to drink in the eighth grade (Stacy et al., 2004) and to drink greater quantities in ninth grade (Ellickson et al., 2005), and that each additional dollar per capita spent on alcohol advertising was associated with a 4% increase in the amount of alcohol drunk by young people (Snyder et al., 2006).

One of the arguments often given for the increasing level of alcohol sponsorship of sport is the difficulty of obtaining other sponsors, particularly since the bans on tobacco sponsorship. In Australia, tobacco advertising was progressively banned from the 1970s, beginning with a phasing-out of television and radio advertising between 1973 and 1976, followed by the banning of print advertising in 1993, outdoor advertising in 1996 and (with variations between states) point-of-sale advertising from 1999 (Chapman & Wakefield, 2001). Tobacco sponsorship of sport was subject to the same argument as alcohol sponsorship, that sporting groups were economically dependent on this sponsorship (Chapman & Wakefield, 2001). However, in the 1990s several Australian states introduced legislation, and established health promotion foundations, to replace tobacco sponsorships with public health sponsorships. These foundations (such as Healthway in Western Australia and VicHealth in Victoria) used the funds raised by a legislated 5% increase in tobacco taxation to sponsor sport, racing and arts organisations that had previously received tobacco sponsorship (Holman et al., 1997; Chapman & Wakefield, 2001). During the recent public and political debate over the proposed ‘alcopop tax’ (an additional tax the Australian government is proposing to be levied on ready-to-drink alcohol products), the Greens (an Australian political party) proposed, unsuccessfully, that this tax could be used to replace alcohol sponsorship of sport, as had been the case with the buy-out of tobacco sponsorships (ABC News, 2009).

The sports sponsorship market in Australia is estimated to be worth $600 million per year, with an average sponsor ‘spend’ of $3.3 million in 2007 (Cincotta, 2008). It has been estimated that each year $50 million comes from alcohol companies – making them one of the biggest spending industries – with 80% invested by three companies, Fosters, Lion Nathan and Diageo (Lee, 2008).

In Australia, public health agencies and advocacy groups have been lobbying for: a ban on alcohol sponsorship of sport; tighter adherence to the ‘spirit’ of the self-regulatory code (Alcohol Beverages Advertising Code), which prohibits the depiction of the presence or consumption of alcohol as contributing to sporting, social or other success; and removal of the current provision that allows alcohol advertising during live sporting telecasts on weekends and public holidays (Commercial Television Industry Code of Practice).
This latter change would reverse the current counterintuitive exception to rules that otherwise prevent broadcast of alcohol advertisements during children's viewing times.

There is currently disagreement between industry groups and public health advocates about whether associating alcohol with sport contravenes the 'spirit' of the advertising codes of practice – particularly as this association extends to sporting stars featuring in Australian alcohol advertisements, further blurring the line between advertising and content. It has been argued that such an association is inappropriate because of the potential impact on underage consumers who tend to be frequent viewers of live and televised sporting events (e.g. Howard & Crompton, 1995).

At the heart of the debate lie three overlapping questions: whether sports sponsorship enables the alcohol industry to target young drinkers, whether alcohol and sport are a natural 'fit' or an inappropriate juxtaposition, and whether the removal of alcohol sponsorship would leave sporting groups without funds.

The argument as to whether alcohol sponsorship targets underage drinkers (or future drinkers) is not a new one. In an article in the Sydney Morning Herald, Jacobsen (2003) quoted both industry spokespeople who argued that they do not target underage audiences and public health researchers who argued that they do. For example, Lion Nathan (which sponsors horse racing, rugby league and union, Australian Rules football and golf) stated that its company "does not in any way target its marketing at those under the age of 18"; whereas Professor Charles Watson stated: "The industry is particularly interested in reaching the older adolescent market and young adults because they want to establish drinkers at an early stage." It is also important to note that sponsorships of sporting events shown on television allow alcohol companies to avoid the usual restrictions on daytime advertising of alcohol products.

Public health advocates and organisations focused on the wellbeing of young people are united in their view that alcohol advertising and alcohol sponsorship are harmful to young people. At an international level, the World Health Organization's European Charter on Alcohol 1995 asserts:

*All children and adolescents have the right to grow up in an environment protected from the negative consequences of alcohol consumption and, to the extent possible, from the promotion of alcoholic beverages (and) ... no form of advertising is specifically addressed to young people, for instance, through the linking of alcohol to sports.*

The Western Australian Department of Sport and Recreation has expressed concerns about the inappropriate association between alcohol and sport, and the anomaly in controls on alcohol advertising during children's viewing times. The Department has issued a position statement on alcohol sponsorship:

*In the context of junior sport and to protect young people from harm, the Department of Sport and Recreation does not support alcohol sponsorship. DSR strongly urges sport and recreation clubs and associations to seek sponsorships from companies other than those producing and promoting alcoholic beverages.*

Paul Dillon from the National Drug and Alcohol Research Centre has argued that sponsorship is designed to win brand loyalty among young drinkers: “It’s a very subtle message, but it’s a message that young people get, that sports and alcohol go together” (Jacobsen, 2003). This is a message that industry groups and advertisers argue is appropriate. For example, Craig Dodson from Sponsorship Solutions, has stated that the male demographic and the images of success and mateship make sport and alcohol a ‘natural fit’ and that alcohol producers value “the sheer numbers of eyeballs that sports can deliver”. However, as Geoff Munro, director of the Centre for Youth Drug Studies, pointed out, this means that athletes are sponsored by a product that they cannot
use if they want to compete at the highest level (Jacobsen, 2003). Perhaps not surprisingly, the recipients of alcohol sponsorship also speak in favour of it. For example, when asked to comment on a possible ban on alcohol sponsorship, West Australia Football League director of football Grant Dorrington was quoted as saying: “Foster’s, dealing with [the WA Football Commission], have a responsible drinking policy,” and “They don’t want people to drink-drive, they don’t want people to get full and bash your mate” (Midland Reporter, 2009). He also argued – as do industry representatives – that the dependence on sponsorship money should be the primary consideration: “Let’s say someone has research that says for the sake of our community it should be banned… Before they bring it out, they need to do a quick check – what community clubs are getting money and who’s going to fund them... Don’t do anything until you can answer that question.” The underlying message here should be of great concern to the community: even if we have clear evidence that alcohol sponsorship of sport is harmful, we shouldn’t ban it (and we shouldn’t even release the evidence to the community) unless we can guarantee to replace the sponsorship dollars. Cricket Australia entered into the debate in a manner that raised eyebrows by claiming that “banning alcohol sponsorship would impinge on sport’s ability to deliver community programmes that had a positive impact on health” and “we’re paid in dollars, not in schooners” – an unfortunate comment given that it coincided with the release of a study that showed alcohol sponsorship was associated with heavy drinking among athletes (Wall, 2008). Even more controversial was the Coalition of Major Professional Sports’ submission to the senate inquiry into the Alcohol Toll Reduction Bill, in which they claimed that the Bill (which called for a ban on alcohol advertising before 9.00pm) would “impact the ability of sporting organisations to directly invest in a range of programmes – particularly in the areas of sport participation and broader community initiatives… sport plays an important part… providing opportunities for indigenous Australians and access to programmes for people with disabilities.” Cricket Australia went one step further, explicitly stating: “The Bill would affect our ability to deliver indigenous, women’s and disability programmes” (Munro, 2008).

Alcohol sponsorship of Australian cricket

Foster’s Australia’s VB (Victoria Bitter beer) has had the naming rights for Australia’s annual one-day cricket series since 2003 (Sinclair, 2006). Foster’s Australia launched its ‘VB Boonanza’ campaign in conjunction with the commencment of the 2005-06 summer one-day cricket international series. While we do not have figures on the total cost of the campaign, it was revealed that the prize pool alone was $2.4 million. The campaign was described by Foster’s communication manager, Jacqui Moore, as being part of “the reinvigoration of the brand with four months of summer action around the cricket” (Williams, 2005). The campaign, which included television commercials, online, sponsorship, point-of-sale and a range of other promotions – was built around ‘Talking Boony’, a talking figurine about the same size as a can of beer. Talking Boony was a caricature of David Boon, a former Australian cricketer, who was described in the trade press as “an Australian icon, partly for being a great Australian athlete, but mostly for looking like he should be sitting in the stands drinking beer, rather than padding up in the middle… But it was his effort in drinking 52 beers on a Qantas flight between Sydney and London at the beginning of (another) successful Ashes Tour that truly elevated him to icon status” (Sinclair, 2006). The figurine contained a microchip and a timer that enabled him to ‘speak’ during the cricket; about an hour before the start of the first match he spoke his first words: “Hey, get me a VB, the cricket is about to start”, and throughout the cricket he made many other comments to his ‘fans’ – some about cricket, but many about beer (such as “Have you got any nachos? I like nachos. They go well with beer”). The Boony campaign was criticised by public health advocates for exploiting Boon’s notoriety as a binge
alcohol sponsorships in professional sporting competitions, arguing that such a promotion could only have a negative effect on the entrenched drinking culture of cricket clubs (Munro, 2006a). However, the advertising industry applauded – and awarded – the campaign. In May 2006 the agency that created the Boony campaign, George Patterson Y&R, won a prestigious Yellow Pencil award at the D&AD Global Awards in London in the New Uses of Broadcast category for its ‘innovative’ campaign for Foster’s (Alarcon, 2006a); and in June 2006 it won a Lion at the Cannes International Festival for the Talking Boony promotion (Jacobs, 2006a). They were equally popular with consumers, with all 200,000 sold and 1,900 sold on eBay, with one going for nearly $230 (Patterson, 2006).

Not surprisingly, given the positive response from the industry and increased consumer sales, in October 2006 Foster’s Australia announced an extension of the Boony campaign for the 2006-07 summer cricket series. In 2006-07, not only did we have Talking Boony, we also had ‘Talking Beefy’, modelled on former English cricket captain Ian ‘Beefy’ Botham. The figurines were available as a pair with promotional VB cartons, and ‘The Battle of the Tashes’ was billed as VB’s biggest ever promotion (Patterson, 2006). That season’s 375,000 pairs of figurines, which used infrared panels to verbally spar with each other, were issued with replaceable batteries “in the hope they’ll stay in people’s homes long after the Ashes are over” (Patterson, 2006). For the 2007-08 series, Shane Warne became the ‘face’ of the VB campaign (and the talking doll). Once again, the multi-million dollar campaign featured mass media advertising, a website, competitions and promotions, and merchandise – including the VB Warnie figurine programmed with phrases including “Ahh VB, drinking anything else would be un-Australian” (Anonymous, 2007a).

It is not uncommon for professional sporting competitions to have more than one alcohol sponsor, although rarely in competing product categories, and Australian cricket provides a good example of this scenario. While Foster’s VB has the naming rights and remains the official beer sponsor of Cricket Australia, in September 2006 Johnnie Walker scotch whisky announced its increased involvement in Australian cricket, including both a lucrative $20m sponsorship deal with Cricket Australia and an on-pack promotional campaign. The five-year deal between Cricket Australia and Johnnie Walker was described as “cement[ing] Johnnie Walker as the official scotch whisky of Cricket Australia, and follows the successful ICC Johnnie Walker Super Series in 2005-2006, which attracted more than 900 million viewers worldwide” (Jacobs, 2006b). Johnnie Walker’s marketing director, Andy Gibson, was also quoted as saying: “Red Label Cricket demonstrates what Johnnie Walker can bring to the sport” (Jacobs, 2006b).

With so many alcohol brands and so few high-profile sports, some brands are looking outside the usual options. For example, in the bourbon market, sponsorships include Cougar’s sponsorship of the NRL, cricket and V8 Supercars; Jim Beam’s sponsorship of NSW rugby league, an AFL team (via Coca-Cola Amatil), the V8 Supercars and (as of 2009) driver Will Davison; and Jack Daniels’ sponsorship of the V8 Supercars. Thus in 2006, Wild Turkey – at that point fifth in the overall bourbon market in Australia – “restructured its marketing approach” to fully fund the ‘branded content’ prime-time Joker Poker television programme (Alarcon, 2006b).

**Cricket sponsorship of Australian alcohol**

Advertising ‘clutter’ is seen as a major problem for advertisers and sponsors, with companies looking for new ways to stand out and attract consumer attention – leading to an increase in ‘experiential’ marketing and ‘proprietary events’ (Cincotta, 2008). The relationship between Australian sport and alcohol promotion reached a new low in September 2006 with the launch of the Fourex (XXXX) Gold Beach Cricket campaign. The highlight of the campaign was “a competitive six-a-side beach cricket tournament

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2 ‘Tash’ is a colloquial term for moustache, and both of these former captains sported moustaches
which will feature 21 cricket legends from Australia, England and the West Indies slugging it out” (Buchan 2006). The cricket series was part of the XXXX Gold Beach Cricket campaign which included TVCs, a website featuring an interactive game, themed XXXX Gold packaging with vouchers for a free cricket ball, and discounts on other beach cricket merchandise, as well the distribution of free beach cricket kits to thousands of grassroots cricket teams across Australia. This international beach cricket series featured famous past players from Australia, England and the West Indies, and was televised nationally, with the respective captains being Alan Border, Graham Gooch and Courtney Walsh. The organisers expected crowds of up to 7,000 at each of the games, and arrangements were made for the building of temporary stands for spectators (Lalor, 2006).

What makes the promotion unique is that this tournament, and the game itself, was contrived entirely as a promotion for XXXX Gold beer. Lion Nathan owns the event and controls who plays, what the rules are, and where the events are held (McIntyre, 2009). It had “a new set of rules, and a world-first high-tech technology ‘switch pitch’ which allows slow or fast-paced bowling, developed especially for the tournament”. Andrew Coates, XXXX Gold Beach Cricket director, was quoted as saying that “the campaign was the biggest promotion ever held for the brand, and [he expected] the tournament to become a permanent addition to the sports calendar” (Buchan 2006). Lion Nathan committed approximately 90% of XXXX Gold’s marketing budget to this ‘sporting competition’, an investment that was rewarded with a sales increase of over 8% in its first year (Cincotta 2008). Equally importantly, unlike most forms of advertising, the company was able to recoup a substantial proportion of this marketing expense from the sales of event tickets, merchandise, TV rights – and even on-selling sponsorship opportunities to other companies (Collings, 2008).

The 2005-06 beach cricket ‘competition’ included matches in NSW, Queensland and Western Australia; and the broadcasts attracted an average of 347,000 viewers (Lee, 2007). Not surprisingly, Lion Nathan continued the XXXX Gold Beach Cricket series in the summer of 2007-08, attracting 21,000 spectators to the live events and a far larger audience for the 16 hours of live broadcasts (Collings, 2008). In February 2009, after the third summer of the XXXX series, Lion Nathan attributed the 5% per year increase in sales to the competition (telecast on the Channel Ten Network across Australia). Andrew Coates reported: “If you look at XXXX Gold Beach Cricket, it was a platform that helped take us to being the second-biggest beer in the country. Ultimately we will be No. 1” (McIntyre, 2009).

So where’s the scandal?

With a few notable exceptions (Lee, 2007, 2008; Jones, 2007), the Australian media wholeheartedly welcomed the XXXX Beach Cricket Series. In Queensland, journalists celebrated the transformation of Coolangatta beach into a ‘beach cricket haven’ and commended local premises for erecting XXXX flags (Anonymous, 2007b); cheered the honouring of cricket greats ‘in front of a capacity crowd’ (Williams, 2009); and encouraged television viewers to watch ‘legends of world cricket fight it out to become the XXXX Gold Beach Cricket Tri-Nations champions’ (Tucker-Evans, 2008). They also reported uncritically on the council’s plans to repair the damage to the turf caused by trucks setting up the event (Anonymous, 2008); and called on ‘Australia’ to lift its game in the 2008-09 competition (Anthony 2009), clearly viewing this marketing event as a serious sporting competition. Lion Nathan, XXXX and key figures within the company were lauded for their successful marketing campaign/sporting event; with Coates congratulated on his ‘stroke of marketing genius’ (Date, 2007).

The incongruity of turning Australian beaches into all-day advertisements for an alcohol brand escaped the notice of the media; and John Howard, the then prime minister, tossed the coin at the beginning of the
game to help Lion Nathan launch their media blitz (Lee, 2007; Jones, 2007). Even the sight of young children playing in the licensed bar hastily built on a Sydney beach, and the iconic nippers (junior surf lifesavers) parading with XXXX hats over their uniform caps, failed to raise a stir among the media and the sporting public.

This is not to say that the XXXX Beach Cricket Series was without controversy and scandal, just that the scandal focused on the commercial questions of divided loyalties (due to saturation of alcohol sponsors) and claims of ambush marketing, rather than on the ethical boundary that appeared to have been crossed in the relationship between alcohol marketing and Australian cricket.

In October 2006 Alan Border, a renowned Australian retired cricketer and ex-captain, resigned his position as a national selector, not because he was disgusted at the increasingly symbiotic relationship between cricket and beer, but because of a perceived conflict of interest between his sponsorship by XXXX (as the captain of the Australian beach cricket team) and Cricket Australia’s sponsorship by Foster’s (Brown, 2006a). Foster’s claimed that the XXXX campaign, involving Border, was ambush marketing and was un-Australian (Brown, 2006b). A similar situation arose in the International Cricket Council Champions Trophy in Sri Lanka, nearly resulting in the cancellation of the tournament, and potential sponsees have been cautioned that “no scope should be left for commercial competitors to be sponsoring the same event” (Brown 2006b), including an overlap between the sponsorship of competitions, governing bodies, teams and individual players. Cricket Australia reported having difficulty identifying a replacement for Allan Border, and one of the key reasons cited for this difficulty was the gap between the earnings of a selector and the earnings from a media contract (Brown & Saltau, 2006). Again, the media seemed to miss the point, with the harshest criticism of Border coming from an autograph-seeking journalist who was snubbed by the great man at one of many events where journalists were hosted and provided with ‘refreshments in the XXXX Gold retreat alongside cricket greats’ (Gallagher, 2009).

Foster’s Group (manufacturers of VB beer, the official sponsor of Cricket Australia) accused Lion Nathan of engaging in ambush marketing (Tabakoff, 2006) – a claim that intensified when Lion Nathan purchased prominent signage at two of the grounds during the Ashes cricket tour (McMahon, 2007). Lion Nathan’s Andrew Coates countered that beach cricket is “totally different” and ‘another version’ of cricket; and their advertising agency described the campaign as ‘guerilla marketing’, making the distinction that “Ambush marketing implies something bordering on unethical. Guerilla marketing is something that is stealthy and of the world we live in. Beach cricket is definitely the latter” (Tabakoff, 2006).

It is important to note the dependence of the media – as well as the dependence of the major sporting codes – on alcohol advertising revenue, and one could question whether this contributes to the media’s lack of criticism of such blatant marketing campaigns. As well as the spend on alcohol sponsorship per se, the industry spent an estimated $106 million on alcohol advertising, a quarter of which was associated with sport (and it is estimated that advertisers pay $30,000 for a 30-second slot during major sporting telecasts), which has a direct impact on the amount networks are prepared to pay for broadcasting rights (Stark, 2009). In an article in a trade publication, a consultant reported on a range of sports sponsorships by wine brands, citing increases in brand awareness and sales, and posed the question as to the potential for a ban on alcohol sponsorship of sport in Australia. She concluded: “I don’t think so. In a sports- and drinks-mad culture like ours, I think common sense (and the lure of the almighty dollar) will prevail” (Smart, 2007).

Writing in The Australian newspaper, Mike Daube, a professor of health policy, commented on the inconsistency that saw the media, sporting administrator and the prime minister willing to condemn the use of illicit drugs by high-profile sports stars, while their misuse of alcohol did not attract the
CASE STUDY

Alcohol sponsorship

same level of concern. Daube cited the regular reports of drunken rampages, assaults, drink-driving and various other forms of unacceptable behaviour by the high-profile sports stars, but asked “how can the sports that employ them expect anything else? Our major sports are afloat on a sea of alcohol sponsorship” (Daube, 2007). Daube dismissed industry arguments that they do not target children and young people, and gave the example of ‘game development’ links on Australian Football League websites, where five of the seven sites for junior club football promoted drinks industry sponsors.

There are many reasons why our politicians appear to be reluctant to tackle alcohol marketing. The Greens’ Senator Rachel Siewert (2009), in a submission to the Excise Tariff Amendment (alcopop tax) Bill stated that the government currently collects over $7.1 billion per year in revenue from alcohol taxation (excluding the estimated $1.6 billion over four years if the alcopop tax were passed). When the Australian Electoral Commission released political donation figures for 2006-07, Smith & Clennell (2008) questioned the independence of government decisions on regulation of the hotel industry when they noted that the industry donated $610,000 and the Australian Hotels Association was involved in a “fundraiser” that raised $492,000 for the Labour party. In a letter to the Sydney Morning Herald, the president of Democracy Watch cautioned: “The alcohol industry is the second biggest donor group after the development lobby” (Pedersen, 2007). A quick search of the Australian Electoral Commission’s database identifies regular contributions to each of the major political parties from the Distilled Spirits Industry Council of Australia Inc, the Winemakers’ Federation of Australia, Lion Nathan Australia Pty Limited and a number of other alcohol producers and industry groups. It has also been argued that politicians are eager to criticise, and campaign against issues such as illicit drugs, but are reluctant to be seen to criticise alcohol (despite alcohol causing more than twice as many deaths as all illicit drugs combined), as this is not a ‘vote winner’ (Stark, 2007).

Discussion

It was suggested in the late 1990s that public awareness of the impact of alcohol abuse on society would lead to increasing pressure to regulate alcohol sponsorship of sporting events, particularly in light of several high-profile cases such as the National Council on Alcoholism and Drug Abuse’s formal protest against Anheuser Busch’s sponsorship of the 1996 Olympic Games in Atlanta, and the National Coalition of Hispanic Health and Human Services Organisation’s first formal protest over the same company’s involvement with World Cup soccer (McDaniel & Mason, 1999). However, it was also mooted that organising and regulatory authorities would be hesitant to regulate such activities due to their high degree of dependence on income from alcohol sponsorships (Howard & Crompton, 1995).

In the UK in 2006, the Advisory Council on the Misuse of Drugs recommended – along with restrictions on alcohol advertising and changes to supply – a ban on sponsorship by alcohol companies of sports or music events attended or watched by under-18s. However, the proposals were rejected by the government, with ministers arguing that “the ban as suggested by the council would be disproportionate and would hit funding for grassroots sports projects”, as the alcohol companies that sponsor high-profile sporting events such as the tennis and football championships also provide sponsorship to youth sporting groups (Burns & Hall, 2006).

The dependence on alcohol sponsors is not ubiquitous, and many sporting codes and sporting events thrive in the absence of alcohol sponsors. Australian soccer has a number of lucrative sponsorships with non-alcohol products. For example, in the lead up to the World Cup, the Socceroos’ major sponsors included Qantas (which also has the naming rights for the team, hence the Qantas Socceroos) and Weet-bix breakfast cereal (Robertson, 2006); current sponsors include Qantas, Foxtel, Nike, Hyundai, National Australia Bank, Powerade and Optus. The 2008 Beijing Olympics sponsors included financial
services, electronics and computer products, personal care products, car manufacturers, telecommunications and transport services; and the Australian Olympic team's sponsors similarly included financial services (such as Bankwest and Visa), electronics and computer products (GE, Panasonic, Acer and Samsung) and sporting apparel and fitness centres (Adidas, Speedo and Fitness First). Felt (2002) notes the increasing involvement in sports sponsorship of a range of other entities, including political causes, sports apparel companies, telecoms and media, corporations and global consumer brands.

However, many major Australian sports – notably cricket, rugby league, Australian Rules football and motor racing – continue to be dominated by alcohol sponsors. Unfortunately, the XXXX Beach Cricket Series is not the most inappropriate alcohol sponsorship in Australia in recent years, perhaps demonstrating how complacent we have become about alcohol sponsorship. The 2006 ‘Movember’ campaign – a men’s health campaign designed to increase awareness of prostate cancer, male depression and testicular cancer, and to raise funds by having men grow a moustache sponsored by friends’ donations – was criticised for its links with alcohol and sport (Munro, 2006b). Foster’s VB was a major sponsor of the Movember campaign, and VB promotions were evident in the promotional materials, and particularly the website. For example, the Pool Room page on the website had a group of men in a room filled with VB paraphernalia and all drinking the beer, along with a large poster on the wall which asked: “What sort of man grows a Mo? Of course, he’s a bloke who carries around a golden thirst.” Even more alarmingly, the page included a video entitled ‘A Mo Bro never let someone drink alone’ and showed an unhappy man who cheered up when one of his friends bought him a drink. Finally, to the ire of public health advocates, the campaign’s registration form featured a photo of ‘archetypal binge drinker’ David Boon (Munro, 2006b). In case there was any doubt about the link between cricket, VB and Movember, at the launch of ‘The Battle of the Tashes’ campaign, VB’s marketing manager Ben Wicks said: “As a major Movember sponsor, we’re hoping some of the cricketers will keep their mo growing into the Ashes season. The two overlap nicely, because the first test is in late November” (Patterson, 2006).

In 2002 James Felt wrote that “the first high volume consumer brands to be involved in Formula 1 as well as other sports were alcohol and tobacco brands… [but] it may be said that sport as a whole has reduced the involvement of tobacco and alcohol, which has been part of sports sponsorship since the nineteenth century” (Felt, 2002).

However, this does not appear to be the case in Australia – where politicians and the media appear complicit in further promoting the association between alcohol and sport and our children are floating in a sea of alcohol marketing. If we are to tackle the increasing problem of alcohol-related harm in Australia, particularly among young people, we need to break the seemingly inexorable link between sports and alcohol. Not only are alcohol sponsorships of sport thriving, particularly in the most high-profile sports – cricket and rugby – we are now seeing sports sponsorships of alcohol.

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Biography

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The *Journal* welcomes the submission of academic and practitioner research papers, articles, case studies, interviews and book reviews. Submissions should aim to educate and inform and should ideally focus on a specific area that is pertinent to the subject matter of the *Journal*, as detailed below. In all instances, the editorial team seeks to publish submissions that clearly add value to theory and/or practice in sports marketing and sponsorship.

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- teams and clubs
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- events and stadia
- sponsors and properties
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