International Journal of Sports Marketing & Sponsorship

October 2008

Volume Ten Number One

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Earlier versions of the papers in this edition were first presented at a workshop entitled Targeting the International Audience – Challenges Facing Sports Management, held at Heilbronn Business School, Germany, in March 2008. The editors would like to thank all the participants for stimulating discussion and to acknowledge the financial support of the school and the Dieter Schwarz Foundation in hosting the event and providing travel funding for all speakers.

Special thanks are also due to the following who helped us to compile this edition: Claes G. Alvestam, Sungwon Bae, Patrick Brehm, Linda Carroll, Robert Demir, Thorsten Dum, Andrea Eagleman, Evert Gummesson, Sean Hamil, Hans Jansson, Anthony Kerr, Sikander Khan, Marjorie A. Lyles, Florence May, Jason Mazanov, Hendrik Meyer-Ohle, Tim Pawlowski, John Schulz, Henrik Uggla and Johannes G.U. Van Wyk.

Publisher's note

Due to issues of space the Journal was regrettably unable to include the paper An analysis of homogeneity and heterogeneity of elite sport systems in six nations by Veerle de Bosscher, Paul de Knop and Maarten van Bottenburg. The paper considers the extent to which elite sports policies in five European countries and Canada have become homogenous, and it analyses where differences occur. This paper will be published in the January 2009 edition.
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Indianapolis Motor Speedway LLC

Harald Dolles  Sten Söderman

“One of the challenges for creating new fans in America is generating more awareness of Formula One. To achieve this, consistent American TV exposure is important.”

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Reviewed by Jon Guest

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A limited stock of printed back issues is available from IMR. Back issues in electronic format are also available from the Journal archive: www.imrpublications.com
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Editorial Board
**Abstracts**

**New media, branding and global sports sponsorship**

James Santomier

New media has emerged as a significant dimension of branding and global sports sponsorship because it provides the capability to communicate with consumers worldwide via a multitude of digital platforms. This paper discusses the results of a systematic review of the development of global sports sponsorship and the importance of new media integration to the sector for the future. Results indicate that a new paradigm is emerging which involves thematically linked, integrated, strategic global marketing initiatives driven by new media applications, which have enhanced the value of sports sponsorship.

**Risk management in sports sponsorship: application to human mortality risk**

Norm O’Reilly  George Foster

This paper seeks to build understanding of the evaluation of sponsorships involving high human mortality risk. Examples of risky sponsees are presented, with two assessed as in-depth case studies. Based on this research, a sponsorship evaluation framework for sponsors is presented that includes: sponsee selection, risk management, strategic tactics, contingency planning, contract elements and post-contract tactics.

**The internationalisation of a sports team brand: the case of European soccer teams**

André Richelieu  Sibylle Lopez  Michel Desbordes

Today, in the sports arena, the status of a sports team brand is vital. The purpose of this paper is to describe and explain how a team can become an international global brand. Following a conceptual approach, it articulates a model for a team’s brand internationalisation and proposes four strategies relevant to the sports arena – Brand Reputation; Brand Affinity; Brand Challenger; and Brand Conquistador. It illustrates this internationalisation process via three case studies, Football Club Barcelona, Paris Saint-Germain and Olympique de Marseille.

**Sports sponsorship as a strategic investment in China: perceived risks and benefits by corporate sponsors prior to the Beijing 2008 Olympics**

Xinquan Sheena Yang  Robert Sparks  Ming Li

The purpose of this study is to examine the application of sports sponsorship in China, particularly to gain some understanding of the benefits as perceived by corporate sponsors. In-depth interviews were conducted with 19 sports sponsorship experts in China. The results provide insights into how sports sponsorship works in this emerging market.

**The international trade of players in European club football: consequences for national teams**

Harry Arne Solberg  Kjetil K. Haugen

The international trade of players in European club football does not seem to have had any negative effects on the national teams in the major leagues. Data presented in this article indicate a potentially positive effect for England and no effect for Spain, Italy and Germany. Contrary to this, the national teams in Norway, Greece and France seem to have benefited from exporting players to leagues of better quality than their own domestic leagues.
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Today, sport’s international role is very concrete in business terms. To quote United Nations Director of Communications Eric Falt: “It is an industry with unparalleled global reach and power. Globally, sport-related turnover amounts to three per cent of world total economic activity.”

In the United Kingdom, for example, sport-related turnover is equal to that of the automotive or food industries. Mega-sporting events such as the FIFA Football World Cup or Formula One Grand Prix races are watched around the globe. Cricket attracts huge interest in South Asia, and the International Olympic Committee alone earns more than US$2 billion from selling the sponsorship and TV rights for the Olympic Games.

At the same time, the corporate practices of this worldwide industry can and do have widespread impact, socially and environmentally. And sport has a number of distinctive characteristics which may influence the way in which it internationalises and the extent of its globalisation.

Sports events have uncertain outcomes and evoke strongly emotional responses from consumers, resulting in intense loyalty among fans. These characteristics merit discussion, and this special edition, dedicated to the internationalisation of sport and sport-related industries, seeks to gain a better understanding of globalisation and to connect to experiences and lessons learned by international businesses in the course of going global.

Much of the business literature on internationalisation deals with the choice between export and foreign direct investment, mainly exploring areas such as market imperfections, strategic behaviour or location advantages. Other parts of the literature have focused on the sequential stages for an organisation that goes international — for example, Vernon’s product cycle hypothesis. The Uppsala school takes this a step further and links the stages to growing experience aligned with a deepening and progressive commitment to each market. This enables firms to gradually increase their understanding of quality expectations, personnel requirements, distribution, media structures and buying behaviour particular to a foreign market.

For the sports audience and sport management things are different: sports viewed by supporters is ‘process consumption’, a wider, more comprehensive experience than the consumption of physical goods, which is often called ‘outcome consumption’. At the same time, the proliferation of information technology has made it possible to serve the needs of consumers all over the world. Fans are not limited by geographic location but can consume an event real-time or recorded from virtually anywhere in the world. Within this, the opportunities for the promotion of sport, and the benefits for sport and its partners, are significant.

Developing a global brand is a business decision to be made by the top management of a club or sports institution. Within this process, the event must also be taken into account. Our interview with President and COO of the Indianapolis Motor Speedway LLC, Joie Chitwood III, conducted during the most recent Formula One United States Grand Prix event, in Indianapolis in 2007, and updated this autumn, highlights the complexity of the Formula One bid to appeal to fans in the US. There are six engine manufacturers competing in Formula One, with five of them having the United States fairly important to their business.

Is this alone sufficient to support and sustain a Formula One Grand Prix in the US? The interview

explores the increasing difficulties faced by a privately owned racetrack to bid for hosting a Grand Prix as Formula One broadens its brand on a global scale.

James Santomier’s paper *New media, branding and global sports sponsorship* discusses the importance of new media integration and its implications for the future of global sports sponsorship. His review of the literature indicates that successful global brands have integrated new media platforms as well as generating branding benefits and revenue. The paper predicts that for development of new products and services it will be necessary for global brands to communicate directly with consumers across multiple platforms and facilitate intelligent collaboration with fans.

Building on previous research, André Richelieu, Sibylle Lopez and Michel Desbordes, in their paper *The internationalisation of a sports team brand*, articulate a model for a sports team that wishes to position itself as an international global brand. Based on international management literature and using three cases – Football Club Barcelona, Paris Saint-Germain and Olympique de Marseille – the paper proposes four strategies for growing a brand internationally and emphasises process and strategy in moving along the brand equity pipeline.

When a company determines that sponsorship is a promotional part of its branding strategy, it chooses to deal with the risks inherent with the sponsee. Norm O’Reilly and George Foster, in their paper *Risk management in sports sponsorship*, seek to build an understanding of the evaluation of sponsorships involving high human mortality risk by articulating the dimensions of risk in sponsorship, operationalising the high-risk sponsee and proposing a sponsorship evaluation framework.

Mainstream sponsorship theories and frameworks are built within the context of a highly commercialised market. China, with its own unique history and culture, provides a very different and new market for sports sponsorship. In the paper *Sports sponsorship as strategic investment in China* by Xinquan Sheena Yang, Robert Sparks and Ming Li, the authors examine the risks perceived by corporate executives in China when forming a partnership with a sports property. Five types of risks are identified: poor execution, inadequate investment to leverage the sponsorship, fluctuation in sporting performance, cost of termination, and opportunity cost.

As a consequence of internationalisation, elite sports systems and elite leagues attract athletes and players from all over the world. In *The international trade of players in European club football*, Harry Arne Solberg and Kjetil K. Haugen show that, contrary to the commonly asserted view, trade of players does not have any effects on domestic teams in the major leagues. Analyses of FIFA rankings do not indicate that the growth in the import of foreigners has had any negative effect on national teams in the most successful footballing nations; indeed, some countries seem to have benefited from exporting their players.

Harald Dolles is Professor of Management and International Business at Heilbronn Business School and a visiting professor at the Instituto de Empresa Business School, Spain. Previously he was Assistant Professor in the Department of Leadership and HRM at Bayreuth University and worked at the German Federal Research Institute on East-Asia in Tokyo. His research streams are international collaborations of SMEs, innovation governance, entrepreneurship and sports business. His most recent publications include *Mega-sporting events in Asia – impacts on society, business and management* (Asian Business & Management 2008; with Sten Söderman).

Sten Söderman is Professor of International Business at the Stockholm University School of Business and a visiting professor at the University of Luxembourg. Previously he was a professor at Luleå University of Technology, Sweden, and a business consultant specialising in startups. His research is currently on the international expansion of European firms in Asia and the global entertainment economy. His most recent publications include *Emerging Multiplicity: Integration and Responsiveness in Asian Business Development* (Palgrave Macmillan, 2006).
Editorial

Chinese whispers and urban myths

In 2003, Manchester City and Everton football clubs in the English Premier League met in a match in which there were two Chinese international players, Sun Jihai for City and Li Tie for Everton. This game has achieved mythical status for some, with reports of 300 million people having watched the game on television in China. For anyone with an interest in international developments in sport, particularly the commercial opportunities associated with new media technology, this game stood as evidence enough to justify the global push for new business.

Imagine my surprise when I attended a sports management conference in North America earlier this year – more than five years after the City-Everton match – to hear from NBA fans of the impact of a game in which Yao Ming and Wang Zhizhi, both Chinese players, had faced one another. They told me that Chinese interest in the game had been such that huge numbers of fans had watched on television in China. To be precise: 300 million fans.

Most of us are complicit in perpetuating such myths, just as most of us have fallen victim at some time to Chinese whispers. But the remarkable similarity of these two anecdotes raises important questions, not least about the size and extent of the international marketplace; and whether anyone does actually have a reasonably accurate estimate of how many Chinese people watch Premier League football or, for that matter, how many Europeans are NASCAR fans, how many Australians watch Indian cricket and how many Americans follow South Korean baseball.

We are still in the formative stages of coming to terms with what happens to sports as they spread across the world, entering new markets as they go. This clearly implies a need to gather detailed intelligence and market research. It also shows that Chinese whispers are not necessarily the best foundation upon which to base an international development strategy. Being close to the markets in which one believes there are new opportunities is essential, to get inside the numbers that emanate from such markets, yes, but also to understand the cultures of sports fans and customers in different markets.

For instance, research shows that many South Koreans often consume their sport online. Social networking sites, blogs and content providers are therefore in the front line in delivering sport to customers. Geographic, and possibly cultural, distance from the large US and European sports markets may be one reason for this; high levels of computer ownership/use may be another. Even if sports organisations understand consumption motives in a geographically remote marketplace, any decent marketer will know that translating this into meaningful marketing activities is a complex challenge. In other words, having a website with a Korean language option for the benefit of South East Asian fans is unlikely to be enough.

The internationalisation of sport has to foster identification and affiliation overseas, especially because in countries like China, western ‘brands’ like Real Madrid and the LA Lakers are actually competing against other western consumer brands, not just against other sports.

We can never have perfect knowledge of a market or a consumer – but we must try to be properly informed if we are to be effective marketers. This special edition includes some of the latest research in the field of international sports management and marketing and aims to contribute towards an increase in our understanding of the developing world of truly global sport. I extend my thanks to the guest editors, Professors Dolles and Söderman, and to the contributors, for their foresight.

Simon Chadwick, Editor
The editor of this journal knows better than to argue with me about soccer, as I have one irrefutable position to fall back on: I was there. By ‘there’ I mean Wembley for the World Cup Final of 1966; more specifically, behind the net where Geoff Hurst scored that goal. So don’t talk to me about technology: I know what I saw.

But the odd thing is that these days I don’t give a monkey’s about international football. No, that’s wrong: I actually dislike it and wish it would go away. Once upon a time I would feel pride if a player from the team I supported were selected for an international, or a sense of personal affront if they were dropped. Now I groan if they get the call-up, and pray that they don’t play in case they end up injured or worn out. It’s an attitude that was probably best expressed by a Liverpool fan who, when asked “Would you rather Liverpool won the Premier League, or England the World Cup?”, answered: “I’d rather Liverpool won a throw-in.”

It’s fans like us that people like FIFA probably don’t like, as they reckon we are helping to make the clubs too powerful, and that we will be the death of the international game. Where’s our patriotism?

But this attitude is not unique to soccer, nor to England. No-one could accuse Americans of a lack of patriotism. Yet apart from a four-yearly outburst at the Olympics, and to a lesser extent the Ryder Cup, and despite the huge money that American sports fans are willing to spend, they stubbornly insist on following what to the rest of the world appear to be arcane and minority sports, and don’t seem to miss ‘international’ competition. And cricket fans from the subcontinent are among the most passionate in the world, but the big money is flowing into the IPL, not Test cricket.

Oddly, while I wish international soccer would go away, I’m quite keen on following international rugby, unlike some of my friends, who follow their club teams and, mirroring my view of soccer, get annoyed when their players are unavailable because of internationals. When I say ‘keen’, I mean in the sense that I’ll watch the game if it is available on free-to-view TV. I wouldn’t dream of paying a subscription to watch it, and I’ve never, in fact, paid good money to watch a rugby game in my life. Aye, there’s the rub, for in 1966 my World Cup ticket was priced at 12 shillings and sixpence. That’s about £7 in today’s money. Premier League tickets now regularly cost between £30 and £50, and the keen home and away supporter probably spends thousands every year on following their team. And as behavioural economics tells us, the more something costs, the more it’s valued. But if people are parting with their own money, they want to believe they’re getting good value. They’ll pay to watch ‘their’ team, or to watch the best, no matter what the nationality, but they are less interested in spending out on something just because it’s wrapped up in a flag. Sport may be turning globalised, but unless the fan feels a psychological commitment, they are unlikely to want to pay for it.

And before anyone accuses me of being an out-of-touch Premier League fan, the last time I paid to watch a match was to see my local team dumped out of the FA Cup in front of 500 fans. I’d have traded anything England could do against Kazakhstan for a different result.

Sport may be turning globalised, but unless the fan feels a psychological commitment, they are unlikely to want to pay for it.

John Old is a freelance economist, writer and management consultant.
Interview with Joie Chitwood III
President, COO, Indianapolis Motor Speedway LLC

Harald Dolles
Professor of Management and International Business
Heilbronn Business School, Germany

Sten Söderman
Professor of International Business
School of Business, Stockholm University, Sweden

After eight consecutive Formula One Grand Prix races between 2000 and 2007, the Indianapolis event was dropped from the Formula One calendar. This interview explores some of the reasons why Formula One has struggled to make an impact in America and examines what could be done to make the sport attractive to US motor racing fans.

Joie Chitwood III joined the staff of the Indianapolis Motor Speedway as senior vice-president, business affairs, in October 2002. In December 2004 he was promoted to president and chief operating officer and he now oversees daily operations for the Indianapolis Motor Speedway, including the Hall of Fame Museum and the Brickyard Crossing Inn and Golf Course. Chitwood’s connection to the IMS family of companies runs much deeper than his present position. He was one of the first staff members of the Indy Racing League, as the liaison officer to its teams, and in 2002 he had the honour of serving as pace car driver for the Indianapolis 500-Mile Race. Previously he served as vice-president and general manager of Raceway Associates LLC, which oversees the operation of Chicagoland Speedway. During Chitwood’s tenure at Chicagoland Speedway, which is partly owned by IMS, he oversaw the construction of the 1.5-mile oval, negotiated contracts with both the Indy Racing League and NASCAR for successful events, and the operation of the Route 66 Raceway. He was one of the first employees of the Indy Racing League, which had its inaugural race in 1996 in Orlando, Florida. His family connection dates to the late 1930s, when his grandfather began competing in the Indianapolis 500. From the age of five Chitwood was an integral part of his family’s entertainment business, the renowned Chitwood Thrill Show. He began his career as a stuntman and later specialised in precision driving.

HD/SOD: Formula One started in Indianapolis with a very successful inaugural event in 2000. Given its competition with other sports, how is Formula One viewed by its fans in the United States today?

JC: You could argue that, along with soccer, Formula One is the most popular international sport. Formula One would probably make the argument due to the investment in the sport in terms of sponsorship income and such achievements as racing in China and around the world every season. But in America, the TV coverage and interest in Formula One today is minimal at best. It is interesting to understand why, and what the challenges are. It is not just about not having Americans participating; it is the overall Formula One approach. It is a very exclusive sport in terms of access, and getting close to the stars is very limited.
HD/SOD: What are the challenges that need to be met to break through the barriers to create relevance for Formula One in America?

JC: One of the challenges for creating new fans in America is generating more awareness of Formula One. To achieve this, consistent American TV exposure is important. I think Speed TV has always done a great job, and we have had network TV coverage from year to year. But when you consider Formula One as a whole, then you need consistent TV coverage of all races in a season, just as other major sports receive. There are also other factors, such as having a title sponsor for the US Grand Prix. For a while SAP was such a sponsor and then this was lost.

In 2005 both Michelin and Bridgestone provided tyres to the Formula One teams. The majority of teams ran on Michelin, including many of the leading contenders. Michelin could not guarantee the safety of its tyre at the race, so those teams withdrew after the formation lap. This left just six cars out of a total of 20 competing, rendering the race meaningless. Ferrari, Minardi and Jordan, all using Bridgestone tyres, were the only teams completed*.

HD/SOD: Did the debacle concerning tyres in 2005 at Indianapolis influence the attraction of Formula One?

JC: Yes, I can definitely see a change in attendance from the 2005 debacle. That has cost pain for the event. There is a feeling among fans – we had more than 100,000 people in the stands that day – that the Formula One community does not value their support and attendance at events. Fans believe they are no longer valuable to the process. It will be tough to win back those fans.

With its focus on TV rights and new markets, abandoning historic venues, it is going to be interesting to see the impact on the sport. We think running here in Indianapolis provides Formula One the best venue in America, the venue with the most market recognition to be successful. And when you look at the consumers of the sponsors in Formula One, you know, I believe that Americans are close to the top of the listing when it comes to consuming Ferraris, Mercedes and BMWs, the top participating manufacturers of Formula One.

HD/SOD: Is there competition between race circuits to host the Formula One Grand Prix, and how important are the fans and participants in this process?

JC: I think the manufacturers are a key element to achieving success. There are, I think, six engine manufacturers, for five of which America is fairly important to their business. It is just a matter of all the elements coming together and being able to support and sustain an event here. Formula One connects globally with its sponsors, but it disconnects with its fans. It is very frustrating to see, for example, Bahrain in the Middle East. They have built a facility with only 30,000 seats. And they have managed to, in the years of hosting the Formula One Grand Prix since 2004, to be sold out. So that Grand Prix is really just a TV event and of course you have the country paying the bill and it’s unfair, I think, to the sport.

HD/SOD: Are the changing international safety standards also influencing this competition between traditional race circuits and newly built ones?

JC: I think there is some crossover. Most racing in America is oval track racing – it’s an American formula for motor sport. In Europe, and around the world, road racing is the more accepted form. Therefore, the safety requirements can be quite different. Here in America,

Tony George, the CEO and personal owner of the Indianapolis Motor Speedway, has created something called the ‘Safer Barrier’ for which we received a number of awards and were even recognised in Europe for what we achieved. Safer Barriers are specifically designed to lessen the impact into concrete walls. Now on road racing courses in general you do not want to have concrete walls close to the circuit, instead preferring gravel traps and things like that. So each form of racing has its own path in developing safety standards. But each is trying to do the same thing, namely provide a safer venue for racing. Here in America we focus on trying to provide safer oval track racing, which has different requirements to road course racing. So both attempt to do the same thing but we have different requirements to satisfy.

HD/SOD: Were safety issues at the Indianapolis Motor Speedway the main concern during the Formula One event in 2005?

JC: We are dealing with supposed professionals, the people who are the best in their businesses. And if Indianapolis Motor Speedway can be prepared for a world class racing event by converting our facility in three weeks from the Indy 500 to the United States Grand Prix, you would expect those professionals would be prepared to run their event. And you would expect those professionals from Formula One to come up with a tyre that is safe. If you are expected to be competing in Formula One, you need to be prepared. And they weren’t prepared and of course the race they continued to run turned into a very messy situation. But it wasn’t just about safety. I think it was political and about control, and it was just not about being prepared.

HD/SOD: Do you think Formula One would be more attractive in the United States if an American car manufacturer competed in the championship?

JC: I don’t, I really don’t. I think the thing that would help Formula One racing in America more than anything is if an American (driver) participated. However, not just any American. Scott Speed [the only American driver in Formula One in 2007, competing for Scuderia Toro Rosso Ferrari] was participating, but Scott Speed created his reputation by racing successfully in Europe. And so he really didn’t have much name recognition in the United States. What I think would create the greatest crossover is if an accomplished American racing driver like Jeff Gordon [a professional American driver, and four-time NASCAR Winston Cup (now Sprint Cup) Series champion, three-time Daytona 500 winner, and driver of the #24 Chevrolet Impala or someone like that crossed over to Formula One and brought his entourage and the people who support him. Then Americans might look at Formula One racing in a different way.

HD/SOD: Is there any chance that this could happen?

JC: Not as far as I can see at the moment. The biggest current challenge is the degree of clutter in the American sports market. There are so many choices from high school athletics, college athletics, professional athletics, football, baseball, soccer, racing and golf etc. Everything is so commercialised whenever there is TV broadcasting of sport; it has created a large number of events for sponsors to participate in. How can you bring in a sport from outside America that runs a formula, road racing, which isn’t the most popular in the US? Most of its participants are from countries other than America. And you don’t let the media get too close because there are certain restrictions on access. How do you actually create that brand in America where there is so much competition? That’s the challenge.

When I think about Formula One, yes they have an attitude and it’s right for F1, and it is a fantastic international sport. But when you take that attitude and come to America, it doesn’t work because Americans have other choices. And if you are not going to expose your sport in a way that makes it meaningful, you have
a problem. It requires a good TV package, getting your athletes to do interviews and to be accessible to the media, so people can hear from them. Without that, it is not going to be successful – that’s the biggest challenge. It has the attitude of being this international global sport, but in America it is just one of five hundred sports. And it is definitely not near the top. On TV, maybe 200,000 people tune in to watch a Formula One race in America. That rating is extremely low. That is a 0.2 rating. A NASCAR race in America pulls in a 5.0 or 6.0, so you can see it’s in a different sphere in terms of TV habits and the watching of sport.

HD/SOD: You mention that for American fans, the driver, as a brand, is probably more important than the team or the engine manufacturer.

JC: In America it is the case. It tends to be who we look at and how we associate with motorsport. You know, Michael Schumacher was a great racing talent, he was phenomenal. But he serves as a great example. You may have heard of the David Letterman Show, a popular late-night entertainment programme which runs after the news. Letterman interviews stars and he’s been doing it for more than 20 years, and it’s a very popular TV show on CBS in America. Many movie actors and celebrities have been interviewed. We had offered Michael Schumacher the chance to be on the David Letterman Show for five years. But he turned us down every year. There was an opportunity to expose him and Formula One racing to Letterman’s show, his crowd, the TV audience, and when Formula One drivers turn that opportunity down, they turn down the opportunity to promote their sport in America. Maybe they don’t have to promote themselves in Germany or France or England because the sport has a standing there. However, it does not have standing in America and it needs that type of promotion. Formula One drivers do not do that around the globe for the sport because they do not need to. So it is tough for them to think they need to do it here.

HD/SOD: Bernie Ecclestone has so far not agreed to contract further Formula One races at Indianapolis. Is there a chance a United States Grand Prix could still happen in the future at Indianapolis Motor Speedway?

JC: This is strictly a business decision and there are a lot of factors that weight into that. Money is a factor. It’s not the only factor, but it has some bearing on the decision. It’s a business opportunity. I think Formula One will make a fair assessment of our situation and the opportunities. At the moment we do not have a title sponsor in hand, we do not have the commitment of national TV, and there are other things. Today, Bernie Ecclestone and Tony George could agree on the date, that would be great; we could agree on money and that would be great too, but there are other things to consider.

HD/SOD: Good luck for your further negotiations with Formula One. Thank you for the interview.
New media, branding and global sports sponsorship

Keywords
new media
branding
globalisation
sports sponsorship
marketing
technology

Abstract

New media has emerged as a significant dimension of branding and global sports sponsorship because it provides the capability to communicate with consumers worldwide via a multitude of digital platforms. This paper discusses the results of a systematic review of the development of global sports sponsorship and the importance of new media integration to the sector for the future. Results indicate that a new paradigm is emerging which involves thematically linked, integrated, strategic global marketing initiatives driven by new media applications, which have enhanced the value of sports sponsorship.

Executive summary

The integration of new media technologies has changed the manner in which sport is produced, marketed, delivered and consumed. This has contributed significantly to the ongoing fragmentation of media channels worldwide and prompted a dynamic and synergistic relationship between new media and sports sponsorship.

The proliferation of new media technologies, the revolution in consumer to consumer communications and the need for brands to gain permission to engage consumers have also precipitated a transition in marketing logic “from a goods-dominant view, in which tangible output and discrete transactions were central, to a service-dominant view, in which intangibility, exchange processes and relationships are central” (Vargo & Lusch, 2004, p.2). Core marketing activities now include “interactivity, integration, customisation and coproduction” (p.11), and value “is defined and co-created with the consumer rather than embedded in output” (p.6). New media, therefore, has become a vehicle for the expansion of integrated marketing communications, which includes the use of multiple media channels and publicity methods in order to sell products, services and ideas (McAllister &
Turow, 2002). The use of multiple new media platforms in sports sponsorship communications, a fundamental dimension of sports marketing communications, enables brands to communicate effectively with consumers, develop brand awareness rapidly in new markets and provide new content opportunities (Roberts, 2006/2007).

Although digital communication technologies are becoming increasingly important in the marketing mix for most enterprises, Thorbjornsen & Supphellen (2004) maintain that it is also important to integrate a broader range of brand-building activities that strengthen relevant associations and enhance positive emotions for the brand. Brand management has reduced its dependency on advertising and is now using multiple channels, such as product placement, sponsorship and events marketing, in order to engage consumers and sustain experience around the brand (Arvidsson, 2006).

In light of the relatively recent emergence and the high level of significance of new media technologies to the growth of the global sports industry, and the accelerated growth and significance of sports sponsorship to brands and sports properties worldwide, this paper discusses the results of a systematic review (Lipsey & Wilson, 2001) related to: the current state of development of global sports sponsorship; the importance of new media integration to the sports sponsorship sector; and the implications of new media for the future of global sports sponsorship.

The results of this review indicated that a new paradigm is emerging in sports sponsorship which involves thematically linked, integrated, strategic global marketing initiatives driven by new media applications. Successful global brands have integrated new media platforms as well as generated branding benefits and revenue. It is predicted that sports sponsorship will maintain its synergistic relationship with new media and continue to enable sponsors and sponsees to enhance communications through the use of multiple channels and to develop products and services specific to their core consumers.

Introduction

The continuing development of the global sports industry is due in part to the extensive integration of new media (digital) technologies, the convergence of consumer needs worldwide and the necessity for brands to discover unique and effective ways to communicate with new markets. The numerous applications of digital technologies within the sports industry have changed radically the manner in which sport is produced, delivered and consumed. Concomitantly, local, regional and national media channels worldwide have fragmented. Global brands are taking advantage of these compelling trends – economic, consumer and media – by using the emotional impact of sport to connect with consumers. As competition between brands continues to intensify, sports content – teams, leagues, federations, events, athletes and celebrity causes – whether delivered online or on-site, uploaded, downloaded, broadcast, narrowcast or podcast, will continue to increase in value (Glendinning, 2007).

The complexity of the global business environment has required enterprises to strengthen their brands and to strive to convey a strong, consistent and appropriate message to consumers (Kahle, 2007). For numerous brands, sports sponsorship has become pivotal within their global marketing campaigns and is considered to be as important as traditional marketing strategies, if not more so.

The acceleration in the growth of sports sponsorship is caused not only by global business complexity and media channel fragmentation, but by the more sophisticated approach to sponsorship on the part of brands and sports properties. This has included improved measurement of the return on investment (ROI) for sports sponsorship across a wider range of objectives, better demographic research, increased flexibility, joint revenues and performance-related contracts. “The remarkable increase in the number of sports properties available and the number of sponsors investing in sports properties suggest that sponsorship is able to assist a company to achieve its
New media and global sports sponsorship

A synergistic relationship has emerged between new media and sports sponsorship primarily because new media enables brands to communicate more effectively and more often with consumers, to develop brand awareness rapidly in new markets and to provide new communications platforms and content opportunities (Roberts, 2006/2007).

In light of the relatively recent emergence and the high level of significance of new media technologies to the growth of the global sports industry, and the accelerated growth and significance of sports sponsorship to brands and sports properties worldwide, this paper discusses the results of a systematic review (Lipsey & Wilson, 2001) related to: the current state of development of global sports sponsorship; the importance of new media integration to the sports sponsorship sector; and the implications of new media for the future of global sports sponsorship.

Related literature

In Age of Discontinuity, Drucker (1969) envisaged that normal incremental change would be disrupted by a period of discontinuity and that a radical shift in the way the world functioned would transpire. Drucker’s predictions included:

- an upsurge of new technologies resulting in major new industries
- a transformation from a national economy to a global economy
- an emphasis on knowledge as a key resource of the economy.

Knowledge (primarily in the form of information provided to consumers) is a key factor in Vargo and Lusch’s (2004) service-centred perspective on marketing. They defined service as “the application of specialised competences (knowledge and skills) through deeds, processes and performances for the benefit of another entity or the entity itself” (p.2). According to their model, knowledge can be extended to the entire supply chain or the service-provision chain, and the primary flow is information to a consumer who desires it. They contend, therefore, that marketing has transitioned “from a goods-dominant view, in which tangible output and discrete transactions were central, to a service-dominant view, in which intangibility, exchange processes and relationships are central” (p.2). From their perspective, primary marketing activities include “interactivity, integration, customisation and coproduction” (p.11).

In their consumer-focused and relational model, where value “is defined and co-created with the consumer rather than embedded in output” (p.6), the goal of marketing “is to customise offerings, to recognise that the consumer is always a co-producer and to strive to maximise consumer involvement in the customisation” (p.12).

In a call for marketing practitioners and scholars to change their theoretical approach to marketing, Gummesson (2002) recommended a reduction in the distinction between producer and consumer and conceptualised the consumer as an “active co-producer, user and value creator” (p.587). He presented two “new economy” marketing theory perspectives; the first of these includes three factors: goods, services and information technology. “In services, customer-supplier interaction and relationships in the service encounter stands out as the most distinctive feature separating them from goods” (p.586). The second perspective included two sub-economies – value and networks. The value economy focuses on the desired output and the network economy focuses on the character of the input. Similar to the view of Vargo and Lusch (2004), Gummesson (2002) contends that in the new economy, “suppliers both produce and consume value and exist in networks and customers do the same. Value is not present until an offering is used for something and experienced as satisfying a need for somebody” (p.587). From Gummesson’s perspective,
relationship marketing and customer relations management (CRM), with a focus on relationships, networks and interaction, provide a “more valid and general theory of marketing” (p.587).

More recently, Deighton and Kornfeld (2007) identified two important elements that have emerged in digital marketing practice and theory – social media and search media. They assert that the anticipated model of marketing, one in which digital media facilitate the delivery of marketing messages, has not developed. In its place is a model of consumer collaboration, where consumers communicate among themselves, “responding to marketing’s intrusions by disseminating counterargument, information sharing, rebuttal, parody, reproach and, though more rarely, fandom” (p.2). Deighton and Kornfeld (2007) also identified five discrete roles (paradigms) for interactive technology: thought tracing (search); ubiquitous connectivity; property exchange; social exchange; and cultural exchange. These emerging paradigms are “responses to the diminution of marketing’s power relative to the consumer in the new media environment” (p.8). They suggest that the word consumer is actually of limited value in understanding the current new media marketing context and argue that if the “marketer wants to survive it has to be by becoming an ally, someone who is welcomed into social or cultural life and is, perhaps, even sought out as someone with cultural capital” (p.13).

As the internet and other digital technologies continue to impact all elements of business and society (Megalli, 2008), it is apparent that “attention” is developing into a dynamic economic driver of branded markets worldwide. According to Berman (2008), in an attention-based economy, consumers continue to exert their influence in the marketing process and networked consumers (those connected to the internet and other digital communication technologies) “will increasingly be creative collaborators in the experiences that they desire, shaping content to make it individually relevant” (p.2). In what Berman labelled the “attention loop”, rather than the value chain, consumers’ attention is engaged at the creation of the product itself and by the way the product (service) is delivered and/or experienced. In a lucid analysis of the impact of digital technologies on marketing (originally published in 2002), Berman predicted that “mega brands traditionally identified with business capabilities in retailing, airlines, sports teams, banks, travel services and many others will also begin to exercise their considerable clout along the value chains of many other markets. Convergence and divergence will characterise the development of both technological and business models” (p.10).

In the new economy, where brands must focus on dialogues rather than on campaigns, new media has become a vehicle for the expansion of synergistic marketing communication, which includes the integration of multiple media channels and publicity methods in order to sell products, services and ideas (McAllister & Turow, 2002). Although digital communication technologies are becoming increasingly more important in the marketing mix of most enterprises, Thorbjørnsen and Supphellen (2004) maintain that it is of significant importance to integrate a broad range of brand-building activities that strengthen relevant brand associations and enhance positive emotions for the brand. The predominant approach of the most successful global brands is not about reach and frequency but rather about discovering ways to encourage consumers to invite brands into their lives. These brands integrate messages across multiple media channels and blur the lines between ads and entertainment. As a result these brands are found in a multitude of new channels – the internet, live events, cell phones and other digital platforms (Business Week, 2005). “Brand management practice has moved beyond simple (or even primary) reliance on advertising to make active use of a multitude of channels, such as product placements, sponsorship and event marketing, that engage customers in different ways, and sustain a more or less intense experience around the brand” (Arvidsson, 2006, p.188).
Method

A systematic review (Lipsey & Wilson, 2001) was conducted in order to collect and review articles, research studies, e-newsletters, public relations releases, technology industry reports and other material that addressed the relationship between globalisation, sports sponsorship, branding and new media technologies. Due to the dearth of research in the area of sports new media and global sponsorship, the selection of the documents was conducted so as to ensure the inclusion of as many relevant published documents as possible. Search strategies included multiple electronic database searches, internet searches, manual checks of reference sections of review articles and selected sports business publications, and a review of the materials contained within the databases Sport Business Research (http://sbrnet.com) and SportsBusiness Journal (http://www.sportsbusinessjournal.com).

In order to identify documents appropriate for the review, a two-phase screening process was implemented. In the first phase 54 documents were identified that could be used in the review. Some documents were eliminated because they were duplicates from the electronic database searches. In the second phase, the remaining documents were retrieved and screened based on title and abstract (if available), and were eliminated if they did not address at least one of the following issues: sports globalisation, sports sponsorship, branding and new media technology. The documents were assessed for their relevance to the topic areas and 24 documents were selected.

The global sports market

In a review of the PricewaterhouseCoopers’ Global Entertainment and Media Outlook: 2005-2009, Zimmerman (2005) reported that increases in merchandising and sponsorships, broadcast rights agreements, the 2006 FIFA World Cup and the 2008 Beijing Olympics would together create a global sports market of US$111 billion by 2009, representing a 6.1% compound annual growth rate (CAGR). He stated that revenues identified in the report were derived from live sports events, rights fees paid by broadcasters, merchandising, sponsorships (including naming rights deals) and other packages with rights to sports properties. The US, with total revenues of US$42.1 billion in 2004, led the world with a projected US$57.4 billion in 2009, a CAGR rate of 6.4%. Revenues for Europe, the Middle East and Africa, which reached US$24.9 billion in 2004, were projected to reach US$32.9 billion in 2009, a CAGR of 5.7%. Asia/Pacific, at US$12.7 billion in 2004, was projected to total US$17 billion in 2009, a CAGR of 5.9%. Latin America was predicted to increase by a 6.1% CAGR to US$3 billion and Canada by 2.8% to US$878 million (Zimmerman, 2005).

Merchandising and sponsorship revenues were projected to lead in all regions of the world except the US, where the television rights market, propelled by satellite and cable distribution, was projected to reach US$2 billion by 2009, a CAGR of 11.1%. The US increases would result from agreements with satellite radio, DirectTV, mobile phones and the internet, as well as regional and local TV rights. National TV rights fees were projected to grow more slowly, reaching US$6 billion in 2009, a CAGR of 4.3%. This is characteristic of the increasing fragmentation of media markets in the US and the increasing importance of regional sports networks.

In Europe, the Middle East and Africa, new broadcast rights agreements were predicted to increase to US$7.5 billion in 2009, a CAGR of 5.5%. According to the report, intensifying competition among major clothing and equipment providers, new media rights and the expanding economy would result in an increase in sponsorship and merchandise spending totalling US$9 billion in 2009, a CAGR of 7.9% (Zimmerman, 2005).
The global sports sponsorship market

Increasing media fragmentation, marketing clutter and the need to engage consumers have contributed significantly to the development of the global sponsorship market, which increased 25% from 2003 to 2006. This is twice the percentage increase of advertising expenditures over the same period. According to Kolah (2006b), an International Events Group (IEG) report indicated that the value of the global sponsorship market was estimated to have grown from US$24.4 billion in 2002 to US$30.5 billion in 2005, which represents an increase of US$6.1 billion. For 2004-05 it was reported that global spending on sponsorship increased 9.3% or US$2.6 billion from US$27.9 billion to US$30.5 billion. Sport accounted for approximately 80% of all global sponsorship activity in that year, and according to Kolah (2006b), the 2004 World Sponsorship Monitor reported that telecommunications companies expended US$800 million on sport, arts and broadcasting sponsorships.

Donohue (2007), citing a report by International Marketing Reports, stated that the European sponsorship sector was valued at approximately €6.7 billion (£4.7 billion) per year and that since 2000, the sponsorship sector had increased 37%, with the financial services sector accounting for 13% of sponsorship spend within Europe. Not surprisingly, football received €1.9 billion, which represented approximately 38% of the total, while motorsport received €1.6 billion (32%). Sailing and cycling garnered approximately 4% with €190 million and €184 million respectively and Rugby Union captured 3% at €161 million. According to Donohue, the report also indicated that Germany was the largest sports sponsorship market in Europe, with a €2.6 billion or 33% revenue share, and the UK was second, with €1.4 billion or 17% share. Deutsche Telekom was the leading sports sponsor in Europe (€90 million per year) and Vodafone the largest in the UK (€45 million per year). It was interesting to note that the report suggested that due to the withdrawal of tobacco brands from sports sponsorship, many other sectors had entered the sponsorship market, including energy, gambling and the airlines (Donohue, 2007).

Sponsorship spend by US companies was predicted to increase 12.6% in 2008 to US$16.78 billion, which represents the largest increase since 2000. The increase would be partly attributable to the US presidential election and the Beijing Olympic Games. Of the total, sports properties were expected to receive approximately 70% and, consistent with global trends, the growth rate of sponsorship in the US was expected to continue to exceed that of traditional advertising (SportBusiness Group, 2008a).

By comparison, global advertising spend during the same period (2002-05) was reported by ZenithOptimedia to have increased from US$359.2 billion (2002) to US$406.2 billion (2005), an increase of US$47 billion or 13.1%. Although the growth rate of sponsorship spend was approximately double that of advertising during that three-year period, the total amount represented only 7.4% of the global advertising market in 2005. Comparing sponsorship with advertising is complicated because sponsorship spend includes rights acquisition and activation costs, while advertising spend is considered a direct marketing expense. The important factor, however, is that “the relative growth rates in the acquisition of sponsorship rights demonstrate an overwhelming confidence amongst brand owners in using sponsorship as a key brand communication platform” (Kolah, 2006a, p.10).

Roberts (2006/2007) reported that a 2007 survey by Redmandarin revealed that sponsorship was strengthening its position in the promotional mix and that it was becoming “more sophisticated, professional, and increasingly woven into the fabric of brands’ marketing activities” (p.1). According to Roberts, the report indicated that there was an increasing appreciation of the importance of sponsorship in creating and developing brand equity. Respondents indicated that rather than creating brand awareness, building brand equity was the most important sponsorship objective because as brands
mature, creating an understanding of what the brand means is the primary objective. Another reason why sports sponsorship is growing in importance is that advertising is perceived as a disruptive form of communication and sponsorship is perceived to be able to create new communications opportunities. There was also recognition among respondents to the survey of the potential for sponsorship to integrate new media across multiple platforms, including internet and mobile environments (Roberts, 2006/2007).

Key impacts on sponsorship

Although sports sponsorship is considered to be an effective brand communication strategy and a fundamental dimension of the marketing mix, Kolah (2006b) argued that for continued growth in the sector, it was necessary for sponsorship to demonstrate the ability to influence the behaviour of consumers. Kolah identified four factors currently impacting the growth of sports sponsorship – globalisation, consumer behaviour, permission and technology.

Globalisation

Consistent with Vargo and Lusch’s (2004) and Gummesson’s (2002) conclusions, Kolah (2006b) predicted that brands “will move increasingly from supply to demand-side, driven by satisfying the needs and requirements of consumers – wherever they are in the world and will compete in a global village” (p.3). He contends that transactions involving personnel, products and services, intellectual property and capital will be more easily executed in the future, which will result in more intense competition among brands.

Key strategies that have contributed to the globalisation of sport, and therefore to the growth of sports sponsorship include:

1) increased adoption of new media technologies
2) development of new opportunities for marketing and consuming sport
3) new integration strategies, including partnerships, mergers and alliances with global corporations
4) development of more technologically sophisticated and consumer-friendly sports venues (Milne & McDonald, 1999).

According to McDonald et al (2004), the emergence of new media technologies has facilitated the transmission of local and regional sports content worldwide. They contend that “global media developed because national media are not able to satisfy the information and entertainment needs of an increasingly complex and interdependent world” (p.174) and that the ability to broadcast sport worldwide has helped to integrate people from different cultures, which has expedited the convergence of consumer needs worldwide.

Global brands such as Visa, Mastercard, Samsung, Adidas, Gillette, Coca-Cola, Nike, Hong Kong Shanghai Bank Corporation (HSBC), Mercedes, Yahoo, Vodafone and brands aspiring to become global such as Emirates Airlines, ING and the Royal Bank of Scotland (RBS), have therefore integrated sports sponsorship into their promotional mix. Vodafone, for example, spends approximately 10% of its marketing budget on sports sponsorship and considers sponsorship to be a global issue. Vodafone places sponsorship within a strategic framework because it is an important marketing strategy for uniting its global network of companies under one brand. For Vodafone, each sports sponsorship is a commercial decision and “the numbers in question fall into four main categories – media coverage, revenue generated, PR coverage and the internal audience” (Sport Business International, 2004, p.3). In the global economy, due to the rapid and ongoing development of new media technologies (specifically broadband and mobile platforms), distance is irrelevant – all brands are global...
and within this one market space, there are undefined boundaries and untapped opportunities (Kolah, 2006b).

Global brands, however, may have difficulty establishing relationships with consumers in some countries because of cultural issues. In China, for example, consumers “are among the most fickle on earth. When their teams lose, they stay home, so they don’t make a lasting connection with the players – and their sponsors” (Balfour, 2003, p.2). Since Chinese consumers tend to support only winning teams, sponsors are unable to determine the effectiveness of their advertising. One of the ways that sponsors have been able to compensate for this is by focusing on associations between brands and individual athletes, rather than brands and teams. “Nike and Pepsi have been able to parlay global sponsorship deals with megastars… such as Yao Ming and David Beckham into greater awareness in China” (Balfour, 2003, p.3).

Consumer behaviour
New media is important to brands because “brand advertising is inherently about leaving an impression on a consumer, and thus about some sort of exposure. On the internet, however, an exposure can also be tied to an action by a consumer, and these actions can be counted, tracked and analysed in ways that exposure in the established mass media cannot” (The Economist, 2006, p.70). Therefore, the value of consumer input and understanding will be more highly valued in the future as brands attempt to create a total experience. In order for brands to do this most effectively it will be necessary to communicate directly with consumers across multiple platforms to facilitate intelligent collaboration when developing new products and services; and sports sponsorship will assume a more important role in this process (Kolah, 2006b).

Permission
As mentioned by Berman (2008), attention is a valuable and often scarce resource in the new economy and in order for brands to communicate effectively with consumers, they require not only their attention but also their permission. Increasingly, technological innovations such as caller identification and the digital video recorder allow consumers to filter brand messages. According to Martens (2007), Forrester Research predicts that by 2010 approximately half of all US households will have at least one digital video recorder. For Kolah (2006b), this suggests that “the continuing explosion and fragmentation of media leads to further fragmentation of audiences – requiring the brand owner to seek permission (consent) to communicate with a particular group or community of interest” (p.5). In order to succeed, brands will have to demonstrate that they are trustworthy; and gaining the trust of consumers places a greater importance on brand communication, which means that ultimately there will be more opportunity for non-traditional promotional strategies such as sports sponsorship (Kolah, 2006b). Kolah (2006b) maintains that “sponsorship, as a collaborative marketing platform, can create such a climate of trust and confidence with the target audience” (p.6).

The value of the Nike swoosh, for example, is not based on its ability to initiate purchasing decisions but on its specific affect as it is reproduced across a wide segment of channels. “This consistency of its affective pattern is what is thought to support brand equity in terms of loyalty, awareness, associations and even metaphysical meaning. Contemporary brand management thus recognises the autonomy of consumer action but seeks to work on the context in which it unfolds” (Arvidsson, 2006, p.189).

Technology
In an increasingly complex global business environment, a strategy currently employed by enterprises worldwide is to integrate technology at all levels of the organisation, and new media technologies have been adopted almost universally (Santomier & Shuart, 2008). CRM and intelligent agent software programs now have the capacity to gather and deliver the identities, addresses and purchasing habits of consumers and communicate with them via new media platforms including the internet and mobile...
devices such as iPods, PDAs and iPhones.

“New technologies have created a proliferation of means to reach, and interact with, an audience. This creates the potential for a new approach to sponsorship rights, carving up sponsorship opportunities into distinct, platform-based rights or selling bundles of rights in a comprehensive sponsorship package” (Phelops & Otterwell, 2007, p.1). New media technologies are changing the nature of the marketing mix, as sponsorship continues to develop into an effective promotional strategy for brands. In addition, new media technologies are impacting upon the way sports properties value sponsorship rights because the ability for consumers to access sports content via a multitude of digital platforms means that standard models of evaluation may be insufficient for the new media space (Phelops & Otterwell, 2007).

New media

New media represent the convergence of telecommunications, computing and traditional media; a conceptual definition that embraces a set of rapidly changing technologies. Convergence refers to the ability of a single platform, such as a mobile phone, to process different sources of electronic information (Rines, 2000). New media technologies include, but are not limited to, broadband, internet websites, wireless and mobile technologies, personal digital assistants (PDAs), streaming audio and video, high definition TV (HDTV) and interactive TV (iTV). Advances in technology have resulted in the broadcast industry experiencing rapid and dramatic transformation, with the introduction of a multitude of new media delivery and viewing platforms.

The manner in which sport, news, advertising and other programming content reaches audiences has been changed radically. New media platforms are more sophisticated and intuitive, affordable, increasingly thin and light due to the application of nanotechnology, and able to provide enhanced resolution and colour rendition. These technological advances are significant not only for consumers worldwide but also for enterprise managers making decisions about how to manage and broadcast their digital properties. The advantages of multimedia platforms include the ability to target specific audiences and the accountability provided by digital measurement. A key factor related to how new media technologies impact upon sports consumers is about choice and interaction. “Choices of what to watch and when to watch, choice of what device to watch on and the choice of how long to watch for. But it's also the choice to get involved – through increasingly sophisticated interaction with the media supplier and with fellow fans and consumers” (Thompson, 2006, p.30).

Bernstein (2005) identified 10 new media technologies that are changing the consumption of sport. These technologies have the power to communicate directly with consumers, but only if consumers grant permission. They are:

- video on demand (VOD)
- digital asset management (the storage of digital assets)
- optical tracking systems
- 3G (third-generation mobile communications)
- portable people meters (a measurement device that tracks consumer exposure to various media)
- HDTV
- sports ticker (a device that keeps consumers linked to their favourite team's data stream)
- Internet Protocol Television (IPTV)
- online video gaming
- satellite radio.

Mobile technologies are becoming an important and effective way for brands to reach new consumers and provide value added components. The almost universal availability of mobile phones and significant market penetration worldwide provide brands with an opportunity to reach a large and often targeted audience. Along with short messaging services (SMS) and multimedia messaging services (MMS), network
operators, working with their partners, are able to offer unique branded ring tones, wallpapers, interactive games, ticketing, voting and competitions as a dimension of sponsorship activation.

According to an article in SportBusiness Group’s Newslines (SportBusiness Group, 2006), Juniper Research has indicated that the global market for mobile sports content and related services is expected to increase from US$1 billion in 2006 to US$3.8 billion in 2011, with an average annual growth rate of 27%. According to the report, it is estimated that between 2006 and 2011 mobile sport, leisure and information content and related services will generate cumulative revenue of approximately US$42 billion, of which 40% will come from Europe, 33% from Asia Pacific and 18% from North America.

Spending on new media platforms is projected to increase in the next five years to US$12 billion. This includes spending on broadband multimedia advertising, embedded video advertising, mobile news and entertainment and non-linear TV services such as VOD and digital video recorders (Sass, 2008). Screen Digest predicts that US revenues from the consumption of online sports video (OSV) will increase to US$2.3 billion in 2012, from US$762 million in 2007.

In the UK, OSV is predicted to increase from £23.5 million (US$43.2 million) to £82.9 million (US$153 million). Sports content was a major driver of pay-TV and is expected to be the single biggest driver of the consumption of online video. In 2007 OSV accounted for 35% of all online TV streams/downloads in the UK, and accounted for 46% of all online TV consumed that year. The Screen Digest analysis took into consideration all sports, including branded sports such as the English Premier League, UEFA Champions League, Wimbledon, the US-based National Football League and Major League Baseball, as well as niche sports (SportBusiness Group, 2008b).

A review of Veronis Suhler Stevenson’s (VSS) 21st Communications Industry Forecast by Petersen (2007) revealed that US total internet advertising is expected to increase to US$61.98 billion and is projected to become the leading advertising medium by 2011. The report indicated that the US media landscape is shifting due to changes in technology, consumer behaviour and the response by brands and communications enterprises. Consumers are migrating towards new media, away from advertising-supported media and towards media they support, including the internet and video games. Advertising spending on pure internet sites reached US$15.1 billion in 2006 and by 2011 is expected to be US$34.78 billion, a CAGR of 18.2%. Growth of 25.79% is expected for traditional media-based internet sites, which reached US$8.585 billion in 2006 and is projected to reach US$27.2 billion by 2011. National internet advertising, which includes search, display, sponsorships and so on is projected to reach US$38.897 billion in 2011, a CAGR of 18.2% from 2006-2011 (Petersen, 2007).

New media and sports sponsorship

For sports sponsorships to reach their full potential they must be activated through a number of marketing channels. Brands spend approximately twice as much to activate sponsorships as they do for ownership rights, and until recently brands had not allocated a large proportion of their activation budgets to new media. However, implementing interactive promotional campaigns with compelling viral content is a cost-effective way to increase advertisers’ reach (Paul, 2007). “In addition, content created for or at sponsored events and migrated online gives advertisers the opportunity to increase the longevity of a sponsorship initiative well past the actual event, creating mass appeal beyond event attendees alone” (Paul, 2007, p.1).

According to Paul, sponsorship-specific websites provide opportunities for tracking consumers and measuring ROI – an important new requirement within the sponsorship sector. He contends that relationship marketing is much easier with online data capture and segmentation.
Digital media’s strengths in social interaction and niche marketing, and its international reach, will become increasingly important because “as online sports content grows, becoming not just more global but more social, it is creating new online opportunities for marketers” (Voight, 2007, p.1). One emerging practice is for brands to target consumers on television and via multiple digital platforms simultaneously. Initially, there was some concern about cannibalisation of local and national television, gate attendance or sponsorship revenue. However, evidence suggests that such concern is unwarranted (Fisher, 2006).

“Advertisers are beginning to embrace a deeply blurred media landscape, leveraging buys over multiple platforms, giving sports properties the security of incoming revenue to be aggressive in developing new forms of content” (Fisher, 2006, p.2).

In support of the multi-channel approach by advertisers and sponsors, approximately 58% of those viewing a sports event on television are also using mobile devices for instant messaging, emailing, text messaging or talking. In addition, these multi-tasking consumers are more engaged and have better recall of the ads they view than those who are only viewing the event (Voight, 2007).

Through new media-driven integrated partnerships, sponsors and sports properties are able to develop products and services specific to their primary consumers. The NASCAR Sprint Nextel sponsorship, valued at US$750 million over 10 years, offers consumers at each race FanView to rent. This co-branded hand-held device, which has video, audio and data capabilities, allows consumers to access race telecasts and scan live audio feeds of NASCAR drivers while enabling both brands to enhance the value of consumers’ experiences through interactive services (Sprint Nextel, 2006). David Levy, president of Turner Sports, which televises NASCAR races and operates NASCAR.com through Turner Interactive, stated: “We’re just aggregating consumers. We really don’t care what devices they use. It’s about creating touch points. Ultimately, brands will win across all technologies” (Fisher, 2006, p.1).

The new media paradigm in sports sponsorship leverages brand equity, the ability to communicate across multiple channels with consumers, and the value of the sports property. At the same time, however, sports sponsorship may actually foster the global diffusion of new media technology. This diffusion is often facilitated by global technology brands such as Avaya, IBM and Yahoo because as sports sponsors, they also provide integrated broadcast services and other technology applications to major global events, from motor-racing to cycling.

International Business Machines (IBM) has been the information technology partner for the US Open tennis tournament for 16 years. This sponsorship “serves as the perfect demo platform, allowing IBM to show off its data-crunching capabilities to prospective clients it hosts at the tournament” (Van Riper, 2007, p.2). The 2006 FIFA World Cup website was jointly produced and hosted by FIFA and Yahoo, and Avaya was a sponsor and official “convergence communications provider” (Santomier & Costabei, 2007).

Telecommunications enterprises, especially wireless providers such as Verizon, T-Mobile, 3 Italia, Orange and Vodafone, while active sponsors of sports properties, also serve as distributors of sports content. This unique position of being both sponsor and distributor allows them to:

- provide value added entertainment and related offerings to consumers
- increase non-traditional revenue
- implement ad hoc marketing strategies that exploit interactivity
- enhance their brand equity worldwide
- increase market share
- implement new technology
- target and communicate with specific consumer segments
- develop and sell new products.

In addition, both sponsors and sponsees benefit because they are able to execute co-marketing activities without the costs normally associated with
acquiring complementary assets. Mobile platforms, therefore, will become more integrated into the sports sponsorship mix, in part because mobile represents narrowcasting, where the specific sports content has been selected by the consumer (Roberts, 2006).

Global brands are not simply sponsoring sports properties but creating specific strategic sponsorship partnerships through agreements that enhance value creation for sponsors and sports properties. For example, American Express leveraged its 2007 US Open tennis sponsorship by using its spokesperson, John McEnroe, to promote a card benefit – ‘Dispute Resolution’. The campaign used a micro-site (www.usta.com/americanexpress) platform that informed visitors about the benefits available to card members and provided highlights and a web-exclusive video segment, entitled The Art of Dispute, featuring McEnroe. American Express identified tennis enthusiasts as a prime target, and their new media initiative reached consumers not in attendance at the event (Paul, 2007).

US-based Gillette, in a partnership with ESPN College Game Day, created the Gillette Fusion Power Game Face College Tour. This interactive campaign (www.gillettegameface.com) featured a contest component that leveraged the social networking website Facebook (www.facebook.com), which allowed visitors to upload their best “game faces”. According to Paul (2007), by shifting power to consumers, Gillette loses some control of its messaging, but ultimately gains a more enduring relationship with its target market. “As offline events become more and more digital, with interactive kiosks, dynamic signage and mobile social networks like Facebook and Twitter, the opportunity to create relationships at events that move seamlessly …online …becomes a greater reality” (Paul, 2007, p.2).

A decision to purchase a significant amount of advertising during the 2008 National Football League’s (NFL) Super Bowl event was based primarily on Anheuser-Busch’s ability to extend the advertising to new media platforms as well as to integrate it on the broadcast set and the playing field. For Anheuser-Busch, “the most important thing is how to evolve to the digital online space with traditional media. It’s going to be how do we do sponsorship deals, how do we talk to owners of web assets and integrate the old (media) with the new” (Greenberg, 2008, p.1). It is clear that for brands and sports properties, the focus has shifted to building brand loyalty by communicating with consumers and engaging them in integrated marketing strategies.

Summary

Sports sponsorship has emerged as a credible and important dimension of brand marketing because it represents a long-term investment in creating dynamic relationships between brands and consumers. Sports sponsorship’s growth rate will continue to exceed the increases in traditional media buys (SportBusiness Group, 2008a). New media has emerged as an important dimension of sports sponsorship because of its ability to reach consumers during the activation of sponsorships and facilitate the thematically linked, integrated marketing initiatives. Through the association with sport these initiatives are capable of gaining the trust and confidence of consumers and, ultimately, gaining the permission brands need to communicate with them. New media facilitates the aggregation of consumers across multiple platforms on a global scale while communicating a brand’s message and building relationships with consumers.

As more digital sports content becomes available for distribution there will be more opportunities for brands to use sports sponsorship to convey their messages. New media’s strengths in social interaction, viral and niche marketing, and relationship marketing will secure its role in the marketing process, and sports sponsorship will become increasingly more important for global brands.

New media is changing the nature of the marketing mix “as sponsorship becomes an increasingly powerful and engaging tool for brands. The key to driving benefits from the new opportunities, and to protecting
against associated risks, is to ensure that you understand the new technologies and the opportunities they afford" (Phelops & Otterwell, 2007, p.3). New media technologies have significantly increased the value of sports sponsorships worldwide, and sports properties and brands have been challenged to develop the management and marketing skills and the technology infrastructure necessary to sustain a long and mutually beneficial relationship.

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Biography

James P. Santomier is a professor in the John F. Welch College of Business and is chair of the Department of Marketing and Sport Management at Sacred Heart University, Fairfield, Connecticut. In addition to new media, his research interests include sponsorship and organisational deviance. He is also a consultant to the sports industry.

References

New media and global sports sponsorship


The internationalisation of a sports team brand: the case of European soccer teams

Keywords
branding
internationalisation
strategy
soccer

Abstract
Today, in the sports arena, the status of a sports team brand is vital. The purpose of this paper is to describe and explain how a team can become an international global brand. Following a conceptual approach, it articulates a model for a team’s brand internationalisation and proposes four strategies relevant to the sports arena – Brand Reputation; Brand Affinity; Brand Challenger; and Brand Conquistador. It illustrates this internationalisation process via three case studies: Football Club Barcelona, Paris Saint-Germain and Olympique de Marseille.

Executive summary
Building on previous research, the academic contribution of this research lies mainly in the conceptualisation of the internationalisation of a sports team brand as well as with an explanation of how a sports team can position itself as an international global brand. In this paper, we articulate a model on the internationalisation of a sports team brand. After a thorough analysis of the literature, we propose four strategies, which are relevant to the sports arena: i) Brand Reputation (think local, act global / the brand reputation specialist); ii) Brand Affinity (think local, act global / the brand affinity specialist); iii) Brand Challenger (think local, act global / the brand recognition specialist); and iv) Brand Conquistador (unifying local brands / the brand recognition specialist).
We illustrate the internationalisation of a sports team brand using three case studies: Football Club Barcelona (FCB), Paris Saint-Germain (PSG) and Olympique de Marseille (OM).

PSG and OM are both national brands and FCB is an international continental brand. The difference is mainly explained by a lack of on-field performance by the two French clubs. In order to grow its brand internationally, PSG could follow the Brand Challenger scenario through co-branding. OM could use the Brand Affinity strategy, taking advantage of legitimate product and brand extensions to crystallise the emotions its fans live. FCB could envision implementing the scenario based on the Conquistador strategy in order to definitively become an international global brand and to start tackling the conceptual stage. FCB could favour co-branding initiatives, as well as product and brand extensions.

In the next step of our research, we intend to draw parallels between continents and between sports. This could lead us to propose an integrated model of internationalisation that would fit most sports team brands, and take into consideration the importance of cultural context.

Introduction

Real Madrid, Manchester United, Bayern Munich, the Dallas Cowboys, the New York Yankees... all international team brands that transcend both their local market and their sport. As underlined by Richelieu (Jolicoeur, 2008, p.26): “Nowadays, some people wear the New York Yankees logo in the same way some others sport a Gucci or a Lacoste.” The internationalisation of sport is a reality today. Sports gain fans and media exposure all over the world. But as the vice-president of marketing of FCB, Ingla i Mas, pointed out in an interview as part of this research: “There might only be room for five or six global sports team brands worldwide.”

International development must therefore be guided in order to maintain what constitutes the essence of a sports team: local identity and fan loyalty (Hill & Vincent, 2006). Fan loyalty is the key to survival for sports teams, just as for any other brand (Bristow & Sebastian, 2001). Furthermore, the strong emotional connection that exists between a sports team and its fans, as well as the myths and symbols associated with a team (Pimentel & Reynolds, 2004), emphasise the importance of considering a sports team a brand in its own right (Richelieu, 2004).

The purpose of our paper is to explain how, from a conceptual point of view, a sports team can become an international global brand. We first present the literature on sports teams as brands, analyse the concept of ‘internationalisation’ of a sports team brand and propose a general framework associated with different strategies for this development. We present the methodology for our research and then use the cases of FCB, PSG and OM to illustrate the internationalisation of a sports team brand.

Literature review

Sports teams as brands

A brand is “a name, a word, a sign, a symbol, a drawing, or a combination of these, which aims at identifying the goods and services of a company and differentiates them from the competitors” (Kotler et al, 2000, p.478). A brand is also a promise a company makes to its customers (Lewi, 2005). This promise is built on the coherence and continuity of the brand’s products (Kapferer, 1998, 2001). Coherence is essential and influences customers’ expectations towards the brand and what they experience when they are in contact with it (Smith, 2006).

The importance of branding in sport

Nowadays, the literature on brand management encompasses sports team brands. Indeed, sports teams are viewed as true ‘products’, composed of intangible benefits, such as emotions experienced at the stadium and the feeling of pride when associating with a team, and tangible dimensions, such as the
result of the game and merchandise (Burton & Howard, 1999). In professional sport, the emotional response from fans is stronger than in any other industry, with the exception of entertainment, religion and politics (Couvelaere & Richelieu, 2005). Today, being a brand is the most important asset for a sports team (Bauer et al, 2005), and a team’s brand identity provides it with direction and meaning (Hill & Vincent, 2006). This identity, made up of attributes and values, is based on brand personality (Aaker, 1997). This personality increases consumer preference and usage, arouses emotions in consumers and tends to increase the level of trust and loyalty (Aaker, 1997). However, personalities can differ from one culture to another (Aaker & Schmitt, 1997).

Brand equity and developing the brand equity of a sports team
The value of the brand is measured as brand equity. It is defined by Kotler (2002, p.470) as being “based on the extent to which it has a high brand loyalty, name awareness, perceived quality, strong brand associations and other assets such as trademarks”. Globally, strong brand equity is the quintessence of successful brand strategy development (Gladden et al, 2001) and has an impact on purchase intentions, price premiums and brand loyalty (Bauer et al, 2005). Every brand can increase its equity by borrowing equity from another entity linked to it (be it brand, person, place or thing) (Keller, 2003).

More specifically, a professional sports team has the potential to build its brand equity by capitalising on the emotional relationship it shares with its fans. Customer loyalty and long-term association are often overlooked for short-term revenue growth (McGraw, 1998). However, “the more each relationship is internalised as part of the customer’s life experience, the more the customer is integrated into the brand community and the more loyal the customer is in consuming the brand” (McAlexander et al, 2002, p.48). As such, brands appear as “social objects” (Muniz & O’Guinn, 2001, p.427), especially in the sports arena, that benefit from a high level of identification (Parker & Stuart, 1997). Fans derive strength and a sense of identity from their affiliation with a team (Wann & Branscombe, 1993). They often see the team as an extension of themselves: team success is personal success; conversely, team failure is personal failure.

Success is essential for building and leveraging a brand (Keller, 1993; Waltner, 2000), but not enough for building brand equity. Brand equity has a higher and more significant effect on the economic success of the sports team than athletic success (Bauer et al, 2005). The definition of a strong team identity, which constitutes the first of three steps of the general model for developing brand equity in sports (Richelieu, 2004), can help a team overcome a losing record (Couvelaere & Richelieu, 2005; Richelieu, 2008; Ross, 2006); it is followed by the positioning of the sports team in the market and the development of a brand strategy.

In order to promote their development, teams must also be innovative and competitive in how they seduce fans, while ensuring both affordability and accessibility (Mullin et al, 2007) but without becoming an ordinary brand. Brand extensions can help build brand equity but can also dilute the brand by creating confusion in consumers’ minds (Fan, 2006).

In sport, the prominent forms of brand extensions are sponsorship and merchandising (Bauer et al, 2005); the latter will exceed US$19 billion in 2008, more than ticket sales in North America for the first time in the history of the industry (Farre, 2004). Indeed, the emotional connection between fans and the team feeds the sale of merchandising products (Holt, 1995, 2002; Chaudhuri & Holbrook, 2001). Table 1 compares the value and revenues of the top 10 sports teams, as established by Forbes in 2008.
Sports team brand

The internationalisation of a sports team brand

The internationalisation process in sport is quite standard. Since soccer is the number one sport throughout the world, it is logical to apply our work to soccer; all the more so because very little work has been done on this subject. Desbordes (2006), for instance, explains how much soccer has spread and how important marketing has become in the process. This paper deals with brands that want to have an international dimension having been successful in their own domestic market. Sports marketing has a major role to play in this development.

Definition and advantages of a global brand

A global brand needs to provide relevant meaning and experience to people in multiple markets, and this depends on the brand’s capabilities and competencies, the strategies of its competing brands and the outlook of consumers (Van Gelder, 2002). Being global does in itself create perceptions of brand superiority, quality and preference among consumers (Steenkamp et al, 2003). As symbols of cultural ideals (Holt et al, 2004), global brands are desirable. However, they can also be partly rejected by some ethnocentric consumers because of beliefs and habits (Yu, 2003).

In the sports arena, this threat seems to be limited, due to the worldwide appeal of sport. Through its reputation and significant exposure through media, a global brand can more easily enter a new market (Kaminemi & Holden, 1999). Global image, which is difficult to attain (ibid.), allows a business to benefit from large economies of scale in advertising and the leverage associated with the use of international media (Schuiling & Lambin, 2003).

### TABLE 1
The value and revenues of different sports teams in 2007

<table>
<thead>
<tr>
<th>TEAM</th>
<th>SPORT</th>
<th>VALUE (US$ MILLION)</th>
<th>REVENUE (US$ MILLION)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. MANCHESTER UNITED</td>
<td>SOCCER</td>
<td>1,800</td>
<td>394</td>
</tr>
<tr>
<td>2. DALLAS COWBOYS</td>
<td>US FOOTBALL</td>
<td>1,500</td>
<td>242</td>
</tr>
<tr>
<td>3. WASHINGTON REDSKINS</td>
<td>US FOOTBALL</td>
<td>1,467</td>
<td>312</td>
</tr>
<tr>
<td>4. NEW YORK YANKEES</td>
<td>BASEBALL</td>
<td>1,306</td>
<td>327</td>
</tr>
<tr>
<td>5. REAL MADRID</td>
<td>SOCCER</td>
<td>1,285</td>
<td>474</td>
</tr>
<tr>
<td>6. ARSENAL</td>
<td>SOCCER</td>
<td>1,200</td>
<td>329</td>
</tr>
<tr>
<td>7. NEW ENGLAND PATRIOTS</td>
<td>US FOOTBALL</td>
<td>1,199</td>
<td>255</td>
</tr>
<tr>
<td>8. HOUSTON TEXANS</td>
<td>US FOOTBALL</td>
<td>1,056</td>
<td>225</td>
</tr>
<tr>
<td>9. PHILADELPHIA EAGLES</td>
<td>US FOOTBALL</td>
<td>1,052</td>
<td>224</td>
</tr>
<tr>
<td>10. LIVERPOOL</td>
<td>SOCCER</td>
<td>1,050</td>
<td>269</td>
</tr>
</tbody>
</table>

Source: Forbes (2008)

### FIGURE 1 KEY

- **STATUS OF THE BRAND**
  - STATUS FROM A LOCAL TO A NATIONAL BRAND
  - STATUS AT THE INTERNATIONAL LEVEL

- **DIFFERENT STAGES**
  - STAGES FROM A LOCAL TO A NATIONAL BRAND AND CHARACTERISTICS ASSOCIATED WITH THE STAGES
  - STEPS AT THE INTERNATIONAL LEVELS
  - CONCEPTUAL STAGE

- **ARROWS**
  - OBJECTIVE FOR MOVING TO THE NEXT STAGE
  - CHARACTERISTICS AT THE INTERNATIONAL LEVEL
  - CHARACTERISTICS AT THE CONCEPTUAL STAGE
FIGURE 1 The internationalisation of a sports team brand and how FCB, PSG and OM position themselves (based on Anderson et al, 1998; Cheng et al, 2005; Couvelaere & Richelieu, 2005)

INTERNATIONAL STAGE
CHARACTERISTICS:
ACT IN CLOSE PARTNERSHIP WITH OTHER ASSOCIATES. CREATE, BUILD AND MAINTAIN EFFECTIVE AND MEANINGFUL RELATIONSHIP WITH NEW AND EXISTING STAKEHOLDERS. BUSINESS/ORGANISATIONAL ALIGNMENT.

INTERNATIONAL BRANDING AND MARKET SUCCESSION STAGE
OBJECTIVE: DEVELOP AN INTERNATIONAL BRAND, ESPECIALLY IN THE THREE GLOBAL LEAD MARKETS (USA, JAPAN, EU).

LOCAL CLIMAX STAGE
OBJECTIVE: DEVELOP THE BRAND IN OTHER LEAD MARKETS AND EMERGING MARKETS.

CONCEPTUAL STAGE
CHARACTERISTICS:
CREATE AN INTERNATIONAL MINDSET BASED ON EXPERIENCE, OBSERVATIONS, ETC. RE-EVALUATE IDEAS AND OPERATIONS CONSTANTLY.

OBJECTIVE: EXPORT AND GLOBALISE THE BRAND: ENSURE A PRESENCE AND BRAND AWARENESS IN OVERSEAS MARKETS, ESPECIALLY IN LEAD COUNTRIES INCREASE BRAND RECOGNITION AND PRESENCE WORLDWIDE.

OBJECTIVE: SURVIVE BY REINFORCING THE NATIONAL POSITIONING AND THEN BECOME A TOP TIER BRAND IN ITS HOME COUNTRY. INCREASE BRAND RECOGNITION AND PRESENCE.

OBJECTIVE: BUILD AND PERPETUATE THE BRAND WORK ON BRAND IMAGE, BUILD FAN LOYALTY AND INCREASE REGIONAL PRESENCE.

PRE-INTERNATIONAL AND ASPIRATIONAL STAGE
CHARACTERISTICS:
DESIRE TO INTERNATIONALISE. AIM OF SUCH ASPIRATIONS (TO INTERNATIONALISE). INSTIGATORS OF INTERNATIONALISATION. MOTIVATIONS ASSOCIATED WITH THE MOVES.

INTERNATIONAL CONTINENTAL

INTERNATIONAL GLOBAL

FCB

OM

PSG

REGIONAL

LOCAL

BRAND EQUITY

LOCAL CLIMAX STAGE
OBJECTIVE: DEVELOP THE BRAND IN OTHER LEAD MARKETS AND EMERGING MARKETS.

CONCEPTUAL STAGE
CHARACTERISTICS:
CREATE AN INTERNATIONAL MINDSET BASED ON EXPERIENCE, OBSERVATIONS, ETC. RE-EVALUATE IDEAS AND OPERATIONS CONSTANTLY.

OBJECTIVE: EXPORT AND GLOBALISE THE BRAND: ENSURE A PRESENCE AND BRAND AWARENESS IN OVERSEAS MARKETS, ESPECIALLY IN LEAD COUNTRIES INCREASE BRAND RECOGNITION AND PRESENCE WORLDWIDE.

OBJECTIVE: SURVIVE BY REINFORCING THE NATIONAL POSITIONING AND THEN BECOME A TOP TIER BRAND IN ITS HOME COUNTRY. INCREASE BRAND RECOGNITION AND PRESENCE.

OBJECTIVE: BUILD AND PERPETUATE THE BRAND WORK ON BRAND IMAGE, BUILD FAN LOYALTY AND INCREASE REGIONAL PRESENCE.
Stages of internationalisation

Inspired by the literature on the internationalisation process – borrowed from the international business / international marketing literature and especially the sequential model (Johanson & Wiedersheim-Paul, 1975; Johanson & Vahlne 1977, 1990) – some authors began to reflect upon the internationalisation of a brand.

Cheng et al (2005) articulated a model, focused on the manufacturing industry, which has four successive and progressive stages for the development of an international brand:

i) Pre-international: the company considers survival as its first priority, before working on becoming a top tier brand in its home country.

ii) Global lead market carrying capacity: the company works on a presence and brand awareness in foreign markets, especially in lead markets.

iii) International branding and market succession: the company focuses on developing an international brand of its own in lead countries.

iv) Local climax: the company develops its brand in other lead and emerging markets.

This model is also partly based on the one developed by Anderson et al (1998), which is made up of five stages of internationalisation:

i) Aspirational: the desire to internationalise is born and expressed within the organisation.

ii) Procedural: implementation of the decision to internationalise.

iii) Behavioural: reacting and functioning in accordance with cross-frontier requirements.

iv) Interactional: creating, building and maintaining effective and meaningful relationships with new and existing stakeholders.

v) Conceptual: constant re-evaluation of thinking and operation.

Combined, these two models enable us to enrich the “brand equity pipeline” model adapted by Couvelaere and Richelieu (2005) for French soccer teams, which presents four steps through which a team can leverage its brand globally:

i) Local

ii) Regional

iii) National

iv) International brand.

In Figure 1, we integrate these different models into a process of internationalisation of a sports team brand.

Strategies for internationalisation

The evolution of brands through these different stages guides us in the choice of a strategy. Kapferer (1998) underlined three main strategies for internationalisation:

i) Think local, act global. Relevant above all for standardised products and consists of a gradual implementation abroad based on the success in the local market. This allows the brand to increase its chances of acceptance abroad and to reduce the financial risk.

ii) Think global, act global as much as possible. This allows the brand to increase its chances of acceptance abroad and to reduce the financial risk. Firms that choose this option have a global mindset (McDonald’s, P&G).

iii) Unifying local brands. This occurs when a firm buys another one (Coors-Molson brewery in Canada) (Schuiling & Lambin, 2003).

These three strategies can be coupled with the four strategies proposed by Van Gelder (2002, 2004):

i) The brand domain specialist. This influences development in a specific domain (technology) and consumers’ preferences (Blue Ray DVD, Windows).

ii) The brand reputation specialist, which emphasises authenticity, credibility and reliability (Saturn Astra, Volvo).

iii) The brand affinity specialist. This outperforms competition by building relationships with
consumers and offers a memorable experience (Yves Rocher).

iv) The brand recognition specialist. This increases the brand’s spontaneous notoriety that can then become part of the evoked set (Coca-Cola, Nutella).

The combination of the three strategies from Kapferer (1998) and four from Van Gelder (2002, 2004) allows us to establish 12 potential scenarios with different levels of fit. After analysis, based on the level of fit between the two sets of strategies and their relevance to sport (Table 2), we concluded that only four scenarios are relevant in sports (see Table 2):

i) Think local, act global / the brand reputation specialist (Brand Reputation strategy)
ii) Think local, act global / the brand affinity specialist (Brand Affinity)
iii) Think local, act global / the brand recognition specialist (Brand Challenger)
iv) Unifying local brands / the brand recognition specialist (Brand Conquistador).

Methodology

Our theoretical framework (Figure 1) was applied to three soccer teams in Europe: one in Spain (FCB) and two in France (PSG and OM). We chose sports teams that have brand and marketing strategies but that were not all at the same level of development of their brand equity: “given the limited number of cases which can usually be studied, it makes sense to choose cases such as extreme situations... in which the process of interest is ‘transparently observable’” (Eisenhardt, 1989, p.537).

The research is exploratory and the methodology is qualitative. We proceeded with in-depth case analyses of the teams using primary and secondary data. Our primary data was based on in-depth interviews with vice-presidents, marketing directors and general managers of the three teams, using semi-structured questionnaires with open-ended questions. Each one-to-one interview was conducted at the home of each team and lasted between 45 minutes and an hour and a half. Between one and three representatives were interviewed for each team, depending on the level of expertise and availability of the respondents.

In order to increase the validity of our data, we consulted sports publications, team documents, team websites and media articles (print and electronic). These sources also provided specific information regarding the team and their brand endeavours (Yin, 2003).

Content analysis was used for data analysis (Miles & Huberman, 2003). For each team, we analysed the brand strategy and marketing actions, to extract the essence of the primary and secondary data (Pellemans, 1999). Validity was ensured through the use of several sources of information and comparisons were made between the cases (Patton, 1980; Perrien et al, 1986).

Applying the framework of internationalisation

The internationalisation of brands cannot be developed without underlining some institutional characteristics of soccer in Europe. In reality, the European system is not unified, particularly across the so-called ‘big five’ markets of France, Italy, Spain, Germany and England. Their financial situations are very different and within a domestic institutional context are not equal in terms of potential for development of marketing policy. For instance, France has a strong tradition of public sport and public policies. Until the 1990s, most clubs were financed by local communities through taxes, which lead to highly publicised financial scandals among some of the biggest teams (Saint-Etienne in the 1970s, Bordeaux in the 1980s, Marseille in the 1990s). Nowadays, the situation is different and clubs are managed like private companies, even though stadiums still belong to cities and clubs hire their grounds; this situation does not allow clubs to develop strong marketing policy through naming,

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<thead>
<tr>
<th>SCENARIO 1 - BRAND REPUTATION</th>
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<tbody>
<tr>
<td>THOUGHT LOCAL, ACT GLOBAL — THE BRAND REPUTATION SPECIALIST</td>
</tr>
<tr>
<td><strong>LEVEL OF FIT BETWEEN THE TWO STRATEGIES</strong></td>
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<td><strong>RELEVANCE TO SPORT</strong></td>
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<th>SCENARIO 2 – BRAND AFFINITY</th>
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<tr>
<td>THINK LOCAL, ACT GLOBAL – THE BRAND AFFINITY SPECIALIST</td>
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<tr>
<td><strong>LEVEL OF FIT BETWEEN THE TWO STRATEGIES</strong></td>
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<td><strong>RELEVANCE TO SPORT</strong></td>
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<th>SCENARIO 3 – BRAND CHALLENGER</th>
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<tr>
<td>THINK LOCAL, ACT GLOBAL – THE BRAND RECOGNITION SPECIALIST</td>
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<tr>
<td><strong>LEVEL OF FIT BETWEEN THE TWO STRATEGIES</strong></td>
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<td><strong>RELEVANCE TO SPORT</strong></td>
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merchandising and configuring their stadium (to build shops, museums or restaurants, for example).

This institutional context has a major influence on the way a French club can build and develop its brand; by contrast, FCB can take advantage of a more liberal situation within the Spanish soccer market. Generally speaking, the way the league is managed and how it promotes its teams influences the leverage a sports team has in order to grow its brand internationally (Richelieu & Pons, 2006).

Position of the three clubs

As shown in our model, PSG and OM are national brands and as such seek to become international brands. First, however, they need to reinforce their position nationally. Different levers can be used in this regard (see Table 3; Couvelaere & Richelieu, 2005).

PSG and OM share some characteristics, including the support of a major equipment maker in charge of merchandising activities – Nike for PSG and Adidas for OM. Hence, PSG and OM can each capitalise on the distribution channel of their equipment maker to grow their brand at both national and international levels. For instance, PSG makes 2% of its sales figures abroad (Jérôme Tellier, PSG Merchandising) and can count on agreements with Li&Feung in Asia and Carrefour International to grow these sales.

Historically, the construction of brands in European soccer is also connected with the team’s opposition and the strong rivalry between teams. The so-called ‘classicos’ – the games between local rivals Milan AC and Inter Milan, FCB and Real Madrid or OM and PSG – generated increased media coverage when compared to a ‘normal’ league game and these matches participate in the construction of ‘mythical’ brands. For example, the viewing audience for the OM-PSG match...
in February 2007 was the best achieved by French TV since 1999 for a regular Ligue 1 game, although neither team was in the running to win the league.

PSG and OM also have impressive records for European titles: for PSG, seven French Cups, two French Championships, three League Cups and one Cup Winners’ Cup (PSG, 2008); for OM, 10 French Championships, 10 French Cups and one European Champions’ Cup (OM, 2008): “The first step in building a strong brand is the team success” (Waltner, 2000, p.113).

The two clubs also benefit from developed systems of communication. For instance, PSG’s website is viewed by 500,000 unique users per month (PSG, 2008) and both benefit from other channels of communication: newspaper headlines such as “100% PSG”, “But Marseille” or “But Paris”; the TV channel OM TV; on-line communities, launched and managed by fans themselves, (www.planetepsghome.com and www.om-passion.com), which help nurture the passion of fans and build the team’s brand.

Community involvement is another crucial element for strong brands (Holt, 2002). In February 2007, PSG and its president Alain Cayzac won the ‘Licra d’Or’ a distinction given by the League against Racism and Anti-Semitism – LICRA (LICRA, 2007). OM launched the ‘OM attitude’ program (OM, 2008).

However, the reputation of OM is stronger than that of PSG. OM, established in 1899, has a more distinguished record and a longer history than PSG, which was established in 1970. Like a good record for winning, history is an important asset in strengthening the team brand: the longer a team has been ingrained in its community, the stronger the sense of belonging of its fans (Hill & Vincent, 2006); a good record and strong historical links constitute two of the ingredients for success in internationalisation.

“FC Barcelona is a brand because of the centennial history of the club, the values it encompasses and the image it projects. The values of FCB (solidarity, integration, civism and freedom) are deeply rooted in the club thanks to its history” (Marc Ingla i Mas, FCB). The Catalan club FCB positions itself as an international continental brand that tends towards

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**TABLE 3** How to leverage a brand along the brand equity pipeline

<table>
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<tr>
<th>STAGE OF INTERNATIONALISATION</th>
<th>OBJECTIVE AND MEANS</th>
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<tr>
<td>FROM A LOCAL TO A REGIONAL BRAND</td>
<td>BUILD AND PERPETUATE THE BRAND. WORK ON THE BRAND IMAGE, BUILD FAN LOYALTY AND INCREASE REGIONAL PRESENCE. MEANS: STRATEGIC CONSTRUCTION OF THE BRAND, CRM, ADVERTISING CAMPAIGNS, DISTRIBUTION PARTNERSHIPS IN ORDER TO INCREASE THE REGIONAL PRESENCE, LEVERAGE THE SOCIAL IDENTITY OF THE BRAND.</td>
</tr>
<tr>
<td>FROM A REGIONAL TO A NATIONAL BRAND</td>
<td>REINFORCE THE NATIONAL POSITIONING. INCREASE BRAND RECOGNITION AND PRESENCE. MEANS: NATIONAL STRATEGIC PARTNERSHIPS (EQUIPMENT MAKERS, DISTRIBUTORS, MEDIA, FOREIGN CLUBS), NEW DESIGN FOR TEAM JERSEY OR LAUNCHING OF A VINTAGE COLLECTION, WEBSITE, HIRING OF STAR PLAYERS.</td>
</tr>
<tr>
<td>FROM A NATIONAL TO AN INTERNATIONAL BRAND</td>
<td>EXPORT AND GLOBALISE THE BRAND. INCREASE BRAND RECOGNITION AND PRESENCE WORLDWIDE. MEANS: INTERNATIONAL STRATEGIC PARTNERSHIPS (EQUIPMENT MAKERS, DISTRIBUTORS, MEDIA), TOURS OR TOURNAMENTS ABROAD, HIRING OF INTERNATIONAL STARS, WEBSITE TAILORED FOR DIFFERENT COUNTRIES AND LANGUAGES, OPENING OF STORES ABROAD.</td>
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Source: Couvelaere & Richelieu, 2005, p.39
global on the ‘brand equity pipeline’ (Figure 1). Such a brand seeks to remain competitive globally and to develop its presence within several international markets. Different levers can be used to achieve this: strategic partnerships with companies or clubs abroad; tours or tournaments abroad; the hiring of foreign star players; belonging to a recognised sports league; and a website (Table 3).

In the case of FCB, we find: an impressive record of wins (18 Spanish Leagues, 24 Spanish Cups, seven Spanish Super Cups, two European Champions Cup, two European Super Cups and four European Cup Winners’ Cups); international community involvement (a new partnership with UNICEF); and an international system of communication (FCB Mobile, websites in Japanese and Chinese, partnership with Major League Soccer for the 2006 USA tour). Thus, FCB has key advantages over PSG or OM in building a good image and a strong identity for the club, which is essential for the success of the internationalisation of the FCB brand (Kapferer, 1998).

What is more, FCB depends upon its tours in the US and Asia, its team merchandise stores abroad and the hiring of foreign star players. In 2006, the FCB marketing department also completed a successful South East Asia tour with the signing of seven new commercial agreements with China, Japan and Singapore. Notably, these agreements are linked to the launch of an exclusive FCB magazine for the Chinese market and to the broadcasting of FCB games in China (FCB, 2008).

PSG, OM and FCB can also all benefit from their national status: both Spain and France are known as ‘soccer countries’, which is an external factor in the internationalisation of a brand (Kapferer, 1998). Then, like many other sports teams, the designations of the three clubs include the names of their cities: FC Barcelona, Paris Saint-Germain, Olympique de Marseille. According to Kapferer (1998), this constant reminder of the city can be a way to reinforce the identity of the club throughout the world and make the internationalisation of the brand easier.

Now, by combining our model (Figure 1) with the four scenarios that we have selected (Table 2), we can explore what OM, PSG and FCB could each do in order to advance within the process of internationalisation.

Strategies for building an international sports team brand

Paris Saint-Germain
PSG is a national brand. In order to progress in internationalisation, the club could follow the Brand Challenger strategy (think local, act global/the brand recognition specialist). This exploits brand recognition through strong advertising investments (Table 2). Indeed, PSG does not have as strong a record for wins as OM or FCB, as well as having had to fight for its own survival in the French First Division in 2008. Moreover, PSG does not trigger as strong a reaction among non PSG fans as do OM and FCB, which makes an international strategy based on affinity more complicated.

PSG seems to have the option to capitalise on its reputation through the hiring of foreign players or on the international status of Paris: “In Brazil, we enjoy a very positive image, especially thanks to the hiring of great Brazilian players. Elsewhere, we are less known and we try to capitalise on the Paris image and its symbols, such the Eiffel Tower” (Aurélie Ledu, PSG Merchandising). Hence, co-branding is an option for PSG, using the city of Paris and foreign star players.

Co-branding is the combining of two or more brands to produce, commercialise or promote a product or service. Its purpose is to create synergy through the complementary nature of the brands involved. One example of co-branding is the promotion of the New Era caps sported by Will Smith in his video, which was played in Foot Locker stores worldwide, where the caps could be bought (Kapferer, 2007; Lewi, 2005).

We should also underline the fact that the strong rivalry between PSG and OM, an important factor for building the brand, as stated earlier in this article, can also hinder sponsorship policy. For example, Opel, the car manufacturer sponsor of PSG from 1995 to 2002,
could never really activate its sponsorship, particularly among dealers in southern France, because of the strong rivalry between the two teams. Hence, a Brand Challenger strategy should only be temporary for PSG.

**Olympique de Marseille**

As a national brand, OM also aims to become international. For Jack Kachkar, once foreseen as owner of OM, becoming an international brand is a necessity, and the club has huge growth potential: “It is obvious that OM is one of the 10 most popular football clubs in the world... We want to implement strong international exposure of the OM brand. We are sure this will change the dynamic at a commercial level, but at a sports level too.” (France Football, 2007, p.10) OM could adopt the Brand Affinity strategy (think local, act global/the brand affinity specialist), which is centred on emotions and the development of a privileged bond with consumers (Table 2). Indeed, the performance of the club does not yet allow the OM brand to play on its reputation. Its record is, above all, based on its past. Nevertheless, the club can count on its strong identity and an important fan base, renowned for its passion: “OM does not need to find values because its brand image is so strong. OM lives in harmony with the values of the city – a little bit crazy and emotional, but friendly for most people” (Cédric Dufoix, Marketing Director, OM). Consequently, OM could pursue a strategy based on reputation and take advantage of legitimate product and brand extensions (merchandising) to help crystallise the emotions its fans live.

A company uses product extensions when it introduces a product or service that remains in its main area of activities – for example when Adidas launched its ‘intelligent’ shoe A1. Brand extensions occur when the company enters areas of activities that are not initially part of its core business – for example when Adidas launches a line of perfumes or sunglasses.

As far as brand extensions are concerned, the further the team deviates from its area of expertise, the more the extensions lack legitimacy in the eyes of consumers: the French football team Olympique Lyonnais sells wine, has launched a driving school and offers a pizza delivery service.

**Football Club Barcelona**

FCB positions itself between ‘international continental’ and ‘international global’ status (Figure 1). In order to become definitively global, FCB could adopt the Brand Conquistador strategy (unifying local brands/the brand recognition specialist), which is based on partnerships with foreign clubs (Table 2). Given its strong identity and its international system of communication, FCB already appears to be using strategies based on its reputation and its affinity with its fans. The presence of more than 1,300 penyas (clubs of FCB fans) worldwide highlights the seductive power of the Catalan club.

Ultimately, to attain international global status, the club could now envision unifying its brand with foreign clubs. This could allow FCB to enter new markets on a long-term basis. In particular, the club could use the credibility it gained in Asia and in US, with its recent new partnerships, to facilitate alliances with foreign clubs. In the same vein, the Catalan club could benefit from its signings of foreign stars. Yet FCB is faced with a challenge: how to juggle its strong Catalan identity with its willingness to transcend its regional cachet and become a global brand.

In 2006 FCB revolutionised sponsorship policy. Instead of signing its first ever shirt deal (worth an estimated 12-15 million euros a year), Barcelona chose to pay 1.5 million euros a year to support Unicef for children around the world. Essentially, co-branding initiatives, and product and brand extensions (merchandising) were favoured by FCB.
Conclusion and future research

The academic contribution of this research lies mainly in the thorough conceptualisation of the internationalisation of a sports team brand, as well as in the explanation of how a sports team can position itself as an international global brand. This process involves different stages associated with the current status of a brand – local, regional, national, international continental or international global, as illustrated by our model (Figure 1). In order to evolve through the different stages changes in status, we propose four strategies relevant to the sports arena: Brand Reputation, Brand Affinity, Brand Challenger and Brand Conquistador.

Today, in the realm of sport, the status of the sports team brand is vital. Indeed, brand is the most important asset of a sports club (Bauer et al, 2005). Moreover, the commercial success of the brand can contribute to the sporting success of the team by attracting great players, even if this is not a sine qua non condition. “If OM becomes an international brand, a world brand, the best international players will also want to joins us.” (France Football, 2007, p.11)

PSG and OM are both national brands and FCB an international continental brand, which is moving towards becoming global. The difference between them is mainly explained by the lack of on-field performance by the two French clubs. Team success is indeed the first step in building a strong brand (Waltner, 2000).

In order to grow their brands internationally, PSG could follow the Brand Challenger scenario (co-branding), and OM could use the Brand Affinity scenario (product and brand extensions). FCB, which has already used these two strategies, could envision implementing the Brand Conquistador strategy, to become an international global brand, and start tackling the conceptual stage (co-branding, product and brand extensions).

We should mention that due to the bad reputation of some extremists among PSG fans, the upper-class image of the Paris club and its repeated poor performances, the team could be forced to spend a few years reinventing itself before undertaking an internationalisation of its brand. In recent years, Chelsea has demonstrated that building a brand is not a linear process: London’s Stamford Bridge, home to ‘the Blues’, was one of the worst stadiums in the 1980s. Through a marketing strategy that emphasised brand, the ground was transformed into a highly respected corporate venue, where VIPs like to meet and talk business.

Admittedly, this research is exploratory; a first step in our effort to conceptualise the internationalisation of a sports team brand. We believe it provides some foundations for our future endeavours, when we shall seek to validate our model with more case studies (clubs such as the Los Angeles Lakers, New York Yankees, Boston Red Sox, Arsenal and Milan AC) and perhaps also draw parallels between different continents and different sports. Our hope is that this might lead us to propose an integrated model of internationalisation that would fit most sports team brands and that would take into consideration the importance of cultural context: “Cultural differences may be the primary obstacle to developing internationally accepted brands and communicating with global consumers” (Jun & Lee, 2007, p.474). In the next step of our research, we shall look at both the processes and the strategies teams can implement in order to move along the brand equity pipeline to further strengthen the validity of our model.

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Biographies

André Richelieu  André Richelieu holds a PhD from the joint programme in Montreal, Canada. He is specialised in brand management and sports marketing. His research interests relate to: i) how professional sports teams can leverage their brand equity by capitalising on the emotional connection they share with their fans; ii) how professional sports teams can internationalise their brand; iii) how sports teams can improve fans’ experience at the sport venue and outside the stadium, and increase fans’ attachment to the team; and iv) how sports teams and equipment makers can capitalise on the Hip Hop / Urban movement. An overview of his work can be found at http://www.hstalks.com/main/browse_talks.php?father_id=260

Sibylle Lopez is a research executive at TNS in Paris. She holds a masters degree from EDHEC Business School, France, and a MBA in Marketing from Université Laval, Canada. While in Canada, she worked on sports marketing with André Richelieu, notably collaborating on her essay and co-authored articles presented at the 2007 Sport Marketing Association conference. This research examines the issues of sponsorship and the internationalisation of sports team brands.

Michel Desbordes is a professor at the ISC School of Management in Paris and at the University of Paris Sud 11, France. He is a specialist in sports marketing and his research focuses on the management of sports events, sports sponsorship and marketing applied to football. He has published 16 books (Elsevier, UK; Editorial Paidotribo & INDE Publicaciones, Barcelona, Spain; Economica & les Editions d’Organisation & PUS, France) and 22 academic articles (including in the International Journal of Sports Marketing & Sponsorship, European Sport Management Quarterly and the International Journal of Sport Management and Marketing). He is also a Consultant in sports marketing and associate director of the company MX Sports (www.mxsports.fr).

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Paris Saint-Germain
Interviews with Olivier Brun, Aurélie Ledu, Jérôme Tellier, PSG Merchandising.
Risk management in sports sponsorship: application to human mortality risk

Keywords
risk management
sports sponsorship
sponsorship evaluation

Abstract
This paper seeks to build understanding of the evaluation of sponsorships involving high human mortality risk. Examples of risky sponsees are presented, with two assessed as in-depth case studies. Based on this research, a sponsorship evaluation framework for sponsors is presented that includes: sponsee selection, risk management, strategic tactics, contingency planning, contract elements and post-contract tactics.

Executive summary
Risk management continues to grow in its importance for organisations, their activities and their investments. When an organisation chooses sponsorship as a promotional strategy, it signs up to deal with the risks inherent in supporting a partner, or ‘sponsee’. Simply expressed, the sponsor must weigh the potential benefits of a successful sponsee (e.g. Olympic gold medallist) against possible negative outcomes (e.g. poor performance, negative athlete behaviour, death). The risks inherent in pursuing high returns render sponsorship evaluation crucial – before, after and during the sponsorship. This paper seeks to build understanding of the evaluation of sponsorships that involve high human mortality risk. It does so by reviewing the related literatures, articulating the dimensions of risk in sponsorship, operationalising the high-risk sponsee and proposing a sponsorship evaluation framework for high-risk sponsees.
Risk management

From examples of risky sponsees presented, two are assessed as case studies of expeditions, both in which the sponsees – mountain climbers – died tragically. The purpose of the case studies is to illustrate two specific and different instances of high human mortality risk in sponsorship and to construct a sponsorship evaluation framework for organisations to follow, to mitigate risk when investing in high human mortality risk sponsorship properties. Findings provide direction to practitioners for a variety of activities around high-risk sponsorship, including sponsee selection, risk management, strategic tactics, contingency planning, sponsorship contract elements and post-contract evaluation. Recommendations are also provided for future research.

Introduction

Sport is facing unprecedented levels of scrutiny from media, fans, governments and organisations. Whether because of doping, crime, violence, cheating or negative messages to youth, sport has been put under the microscope and its economic and social viability may have been compromised. As distressing as this might be to many in sport, these effects reach beyond sport itself to the corporate partners who provide considerable financial and in-kind resources to support sporting organisations, events and athletes.

Globally, the use of sponsorship has developed into an important promotional tool for organisations who invest in sponsorship (sponsors) and for the properties that provide the promotional value in return (sponsees). IEG (2008) predicts that sponsorship will grow to a US$43.5bn global business in 2008. Sponsorship literature has developed apace and is now considered to be substantive (Walliser, 2003).

Sponsorship has evolved from philanthropy to being predominantly investment-based, where sponsors typically select a sponsee based on business benefits possible from leveraging the opportunities that result from that sponsorship. The intensely competitive marketplace in traditional media, along with criticism of traditional advertising, has helped promote sponsorship as an alternative for navigating through the clutter (Séguin & O'Reilly, 2008).

There is a downside to sports sponsorship. Anecdotally, evidence exists that a sponsor is impacted by sponsee (athlete) death; be they mountain climber, racing car driver, wrestler or cyclist. For example, when stock car racing legend Dale Earnhardt crashed fatally in the final lap of the 2001 Daytona 500, his sponsors and the NASCAR organisation responded. Following an extensive public investigation and considerable fan interest, NASCAR made a number of changes to improve driver safety. Earnhardt's title sponsor, GM Goodwrench, and his team, honoured Earnhardt with a number of tributes and then introduced a new look for the team. In addition, Earnhardt's death led to the resignation of the owner/founder of the manufacturer of the seatbelt in Earnhardt's car, following allegations of malfunction and violent fan outrage.

Negative athlete behaviour also impacts sponsorship. A high-profile example involves National Football League star quarterback Michael Vick's conviction on dog-fighting related crimes. Nike – one of his sponsors – distanced themselves relatively quickly from Vick when the allegations first surfaced. This immediate distancing showed a marked difference from a comparable situation in 2005, when National Basketball Association star Kobe Bryant, another Nike sponsored athlete, faced rape charges.

To date, sponsorship literature has paid little attention to issues related to risk in sponsorship – whether up-front evaluations or planning contingencies to deal with ‘after-the-fact’ consequences. Both are critically important to organisations considering the sponsorship of a high-risk sports property.

A negative sponsorship outcome can have damaging brand consequences for the sponsor over and above the lost investment. With proper planning, however, it is hypothesised that it is possible to turn a negative outcome for a sponsor into a positive one, although such a process might be delicate in nature (turning a wife-beating incident into a positive is considerably
more difficult than leveraging a mountain climber’s fatal fall into benefit for the sponsor). For clarification: even a positive test for a drug or for a sexually transmitted disease could be turned into a positive if the athlete genuinely transforms themselves and helps others to avoid a similar fate. Basketball legend Magic Johnson did just this, by his own actions: re-attracting sponsorship after being ignored for many years following the disclosure of his testing positive for HIV.

This paper is about risk in sponsorship. It focuses on sponsorships involving sponsees that are high risk in terms of their potential for extraordinary success (athletic, commercial or both) or for tragic outcomes (death). This form of risk is called mortality risk (Davies, 1981), which is known to be an important aspect of many business decisions. Mortality risk manifests as an important dimension of sponsee selection and sponsorship implementation. The mortality risk of the sponsee is argued to be an important consideration and one that for the sponsor is negative in the short run and potentially very negative (or perhaps even positive) in the long run.
Sponsorship evaluation
The most difficult task in sponsorship is meaningful evaluation (Crompton, 2004). Many authors have proposed ways to evaluate sponsorship. Our review of studies published since 1991 found 44 models or frameworks, with evaluation practices that included assessing media outputs/exposure and consumer attitudes (Cornwell et al, 2001), tracking management’s effectiveness (Meenaghan, 2001), measuring sales or intent to purchase (Crompton, 2004), valuating stocks with event studies (Cornwell et al, 2005) and measuring in-stadium effects (O’Reilly et al, 2006).

Sponsee selection
When an organisation has determined that it wants to adopt sponsorship to achieve some objective, it then takes on the role of a sponsor and seeks to select the appropriate, if not ideal, sponsee. This is a complex process and includes the following important factors for the sponsor to consider: ‘fit’ or the complementary ability of both organisations to achieve their individual objectives; exclusivity; ‘reach’ and media coverage provided by the sponsee; and access to naming rights. Financial, logistic, relationship and competitive elements are also critical. Given the significant investment required in most sponsorships today and the benefits possible from alternate promotional tactics (e.g. advertising and public relations), the selection decision is risky (Crompton, 2004).

Risk management in sports sponsorship
This paper considers risk from the point of view of the sponsor, where multiple outcomes are possible in the pursuit of objectives. Indeed, the research here is the management of these ranges of sponsee outcomes (i.e. sponsee risk) both pre- and post-sponsorship. Outcomes can be classified into an athlete ‘on-field’ dimension and a commercial dimension, with four different combinations of outcomes (Figure 1).

Success at the athlete level certainly provides a better platform for a sponsor to extract commercial benefit from the sponsorship. Most professional sponsorship plans outline avenues where a sponsor can improve brand strength, increase customer loyalty and increase employee morale through celebrating a winning event.

Sponsee risk
The concept of risk or “the expected value of probability of occurrence and the utility of the outcome” (Harding, 1998) is well understood and known to involve a number of constructs and concepts. For sponsee risk, the focus is on the constructs of risk propensity and risk perception of sponsees (Weber & Milliman, 1997). Risk propensity (i.e. typical individual level of risk aversion) is based on cognitive traits, affective or emotional conditions and socially constructed contexts. Risk perception – or how risky an individual believes a specific situation to be – is situational and depends on the nature of the hazard encountered (potential consequences, familiarity with the hazard and the potential costs associated with failure). In practical terms vis-à-vis sponsorship, risk propensity is the likelihood of the sponsee to behave in a risky manner, while the risk perception would represent how inherently risky they believe the situation to be.

Sponsee risk is not a simple construct. This risk could be either financial (e.g. loss of investment) or promotional (e.g. resulting negative press). A bad outcome could be intentional (e.g. steroid use) or unintentional (e.g. player dying as a result of a legal tackle). Our seven dimensions of sport sponsee risk are identified in Figure 2. Any given sponsee can be high-risk on zero, one or more than one dimension.

Individual risk: on-the-field
This refers to risks related to directly participating in the sport of interest. The risk dimension includes such forms as doping (e.g. positive steroid test), diminishing talent (i.e. decreasing performance for reasons other than ageing), declining motivation (e.g. player in later
years of a long-term contract), advancing age and its effects on performance, serious injury or death, medical problems, misbehaviour on the field (e.g. the Eric Cantona incident where the then Manchester United football star kicked a spectator), cheating (e.g. when Chicago Cubs baseball star Sammy Sosa was caught using an illegal bat) and refusing to play for political reasons (e.g. a Muslim athlete refusing to wrestle a Jewish athlete).

**Individual risk: off-the-field**

This includes participant risk that takes place away from the sport of interest such as betting (e.g. Pete Rose betting on his own baseball games), carrying out an illegal act (e.g. rape, drinking and driving) and engaging in what most would deem to be anti-social behaviour (e.g. Australian Rugby League star Andrew Johns’ admitting ecstasy drug use). These risks include both allegations and convictions, where
the sponsor’s brand may be negatively affected by the association with the accused athlete, even if he or she is eventually found innocent or settles out of court.

**Club or team risk**
This involves potential effects at club or team level, such as: declining performance resulting from the loss of players, a decrease in morale, poor performance periods by top players and other incidents; misbehaviour by support personal (e.g. a massage therapist being caught in a compromising position with a team member); coach misbehaviour (e.g. the head coach being caught gambling); negative player-coach relations (e.g. a high-profile conflict between a star player and a high-profile coach); and team refusal to play at a major event for reasons that fans do not view as appropriate (e.g. the Pakistani cricket team abandoning a match against England after a controversial umpire ruling).

**Sport risk**
This is the dimension of risk inherent in the sport of interest. Certain sports are more predisposed to certain risks than others (e.g. weightlifting and steroid use; soccer and fan hooliganism). Sport risk can be analysed using per capita injuries. For example, boxing, tackle football and snowboarding are known to be the most dangerous sports by injury risk among average Americans (American Sports Data, 2003). Specific factors within this risk dimension include the propensity for doping (e.g. cycling), the propensity for personal injury or death (e.g. car racing), the propensity for violence (e.g. boxing), the risk culture of the sport (e.g. skateboarding), the existence of high-risk role models (e.g. Shane Warne in cricket) and how pervasive the sport is in affecting the general population (e.g. NFL football versus waterskiing).

**Commercial and contract risk**
This refers to the business risks associated with a potential sponsor. The clientele effect is where a high-risk sponsee could provide a sponsor with access to a specific target market (e.g. NASCAR fans). The contract is imperative to this dimension as it directly determines the level of risk vis-à-vis its length (i.e. the longer the contract, the more significant the financial risk exposure for the sponsor – such as the San Francisco Giants’ seven-year, US$126 million deal with pitcher Barry Zito). This dimension includes virtuous and downward cycles which result from the cyclical nature of the sport or trends in popularity, which in turn impact upon the sponsors (e.g. horse racing’s downward cycle impacted upon Visa’s 1993-2005 sponsorship of the Triple Crown Challenge – horse racing’s three elite events; Visa’s offer of US$5 million annually for a Triple Crown winner was never realised. Poor business decisions and/or league, event or team mismanagement are also factors of this dimension.

**Facility risk**
This risk dimension includes all risks related to stadiums, arenas, pitches, gyms and other places where sport is practised. Examples include financial losses due to ‘cost over-runs’ on construction, increasing construction costs, decreasing demand for tickets and spiralling real estate values. Technology and structural failures (e.g. stadium collapse), and the stadium novelty effect (i.e. the known effect that attendance figures for new stadiums have short-lived ‘honeymoon’ periods; Howard & Crompton, 2003) are also aspects of this risk dimension.

**Political risks**
These are linked to any country involved and the practices inherent in that country’s governments or business organisations. The boycotts of the 1976 Montreal, 1980 Moscow and 1984 Los Angeles Olympic Games are good examples of these risks.

**Influencers to risk**
Influencers and sponsee selection are also emphasised in Figure 2. These include: time (e.g. the lengthy processes of allegations-to-decisions; guilty or not guilty) including stage of the sponsorship (pre-contract, contract negotiations, implementation); the nature of the
sponsee (i.e. mega-sponsees – or significant international properties with global reach – have enhanced risk); the sponsor’s industry; the status of the sponsee (e.g. star player versus average player); and the frequency of an offence, since clearly a second or third offence has different ramifications from a first offence.

Summary of sponsee risk
Figure 2 demonstrates the significant risk exposure possible for sports sponsors. The seven risk dimensions here are not mutually exclusive so could occur simultaneously: an athlete charged with an off-the-field illegal act may also experience a decrease in performance, encounter negative relations with their coach, be suspended without pay and encourage negative fan behaviour.

For high-risk sport sponsees, risk perception is high and risk propensity is of significant concern to the sponsor. When considering a high-risk sponsee as a partner, a sponsor balances its preference for risk-seeking or risk-avoiding behaviour. Risk avoidance typically only emerges if the stakes are perceived to be high enough (Fan, 2002). The fact that sponsors continue to sponsor high-risk sponsees suggests either that the potential rewards must be considered to be very high, or that the sponsor may underestimate the level of risk as they frame their thinking around the possible benefits. The latter may result from the fact that risk perception impacts problem framing, decisions and the resulting behaviours (Sitkin & Weingart, 1995).

The sponsor of a high-risk sponsee may not be fully aware of the potential risks involved (i.e. low risk perception) due to a variety of factors, such as having imperfect information (Hakes & Viscusi, 1997) and the lack of situational influences in the planning stage of the sponsorship (Weber & Milliman, 1997).

In the high-risk sponsee scenario, risk propensity can be both advantageous and disadvantageous towards attracting sponsors. For example, boxer Mike Tyson’s high level of risk propensity in the boxing ring made him, early in his career, an attractive property; however, when his violent behaviour spilled into his personal life, he became a very unattractive property. In this regard, sources of risk vary considerably from sponsee to sponsee. For example, a personality trait common in risk seekers is overconfidence, which can lead to escalating commitments, problems with assessing difficulty and, in turn, to increased risk of failure (Klayman et al,
**TABLE 1** Examples of high-risk sponsees

<table>
<thead>
<tr>
<th>DIMENSION OF HIGH RISK</th>
<th>GENERAL SOURCE OF MORTALITY RISK</th>
<th>SPECIFIC EXAMPLE</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>INDIVIDUAL: ON-THE-FIELD</td>
<td>MEDICAL</td>
<td>SERGEI GRINKOV (OLYMPIC GOLD MEDAL FIGURE SKATER)</td>
<td>HEART ATTACK DURING SKATING PRACTICE IN LAKE PLACID, NY – 29 NOV 1995</td>
</tr>
<tr>
<td></td>
<td></td>
<td>HARIS CHARALAMBOUS (COLLEGE BASKETBALL PLAYER)</td>
<td>COLLAPSED FROM AORTIC DISSECTION (HEART CONDITION) AT A BASKETBALL CONDITIONING PRACTICE AT UNIVERSITY OF TOLEDO – 9 OCT 2006</td>
</tr>
<tr>
<td></td>
<td>PERFORMANCE ERROR</td>
<td>DALE EARNHARDT SR. (NASCAR)</td>
<td>CAR CRASH AT THE 2001 DAYTONA 500 – 18 FEB 2001</td>
</tr>
<tr>
<td></td>
<td>INJURY</td>
<td>FABIO CASARTELLI (CYCLIST)</td>
<td>DIED OF HEAD INJURIES CAUSED BY A COLLISION WITH OTHER RIDERS AT THE TOUR DE FRANCE - 18 JULY 1995</td>
</tr>
<tr>
<td></td>
<td></td>
<td>AYRTON SENNA (1994 SAN MARINO GRAND PRIX)</td>
<td>CAR CRASH DURING AN ITALIAN F1 RACE GRAND PRIX IN WHICH HE WAS LEADING – 1 MAY 1994</td>
</tr>
<tr>
<td>INDIVIDUAL: OFF-THE-FIELD</td>
<td>DUI</td>
<td>DAN SNYDER (NHL- ATLANTA)</td>
<td>CAR ACCIDENT ALSO INVOLVING THRASHERS TEAMMATE DANY HEATLEY – 5 OCT 2003</td>
</tr>
<tr>
<td></td>
<td></td>
<td>JOSH HANCOCK (MLB- ST. LOUIS)</td>
<td>CAR ACCIDENT ASSOCIATED WITH DRINKING &amp; DRIVING – 29 APR 2007</td>
</tr>
<tr>
<td></td>
<td>DRUG OVERDOSE</td>
<td>LEN BIAS (NBA- BOSTON)</td>
<td>COCAINE OVERDOSE, 48 HOURS AFTER BEING DRAFTED TO THE NBA – 19 JUNE 1986</td>
</tr>
<tr>
<td></td>
<td></td>
<td>MARCO PANTANI (CYCLIST)</td>
<td>COCAINE POISONING -- 14 FEB 2004</td>
</tr>
<tr>
<td></td>
<td></td>
<td>DON ROGERS (NFL- CLEVELAND)</td>
<td>COCAINE POISONING CAUSING HEART FAILURE – 26 JUNE 1986</td>
</tr>
<tr>
<td></td>
<td>WEAPON OFFENCES</td>
<td>BRIAN SPENCER (NHL- RETIRED)</td>
<td>SHOT IN RIVIERA BEACH, FLORIDA WHILE ALLEGEDLY TRYING TO BUY DRUGS – 2 JUNE 1988</td>
</tr>
<tr>
<td></td>
<td></td>
<td>DARRENT WILLIAMS (NFL- RETIRED)</td>
<td>SHOT (DRIVE-BY) OUTSIDE A DENVER CLUB DURING THE EARLY MORNING HOURS – 1 JAN 2007</td>
</tr>
<tr>
<td></td>
<td>SUICIDE</td>
<td>CHRIS BENOIT (WWE)</td>
<td>HANGED HIMSELF (PRESUMED) AFTER REPORTEDLY MURDERING HIS WIFE AND SON – 24 JUNE 2007</td>
</tr>
<tr>
<td></td>
<td></td>
<td>MARC POTVIN (NHL- RETIRED)</td>
<td>PRESUMED TO HAVE HANGED HIMSELF IN A HOTEL BATHROOM IN KALAMAZOO, MICHIGAN – 13 JAN 2006</td>
</tr>
<tr>
<td></td>
<td>MURDER</td>
<td>BRANDON SPREWER (SPECIAL OLYMPIAN)</td>
<td>SHOT WHILE BEING ROBBED AT A BUS STOP (IN MILWAUKEE) ON HIS WAY HOME FROM WORK – 6 SEPT 2006</td>
</tr>
<tr>
<td></td>
<td></td>
<td>IRAQI OLYMPIANS</td>
<td>UDAY HUSSEIN (SON OF SADDAM) WAS PUT IN CHARGE OF OLYMPICS IN IRAQ IN 1984 AND IS ALLEGED TO HAVE MURDERED MULTIPLE ATHLETES FOR UNDERPERFORMING</td>
</tr>
<tr>
<td>CLUB/TEAM</td>
<td>SUPPORT PERSONNEL ACCIDENT</td>
<td>DENIS ZANETTE (SUPPORT RIDER FOR FASSA BORTOLO CYCLING TEAM)</td>
<td>HEART ATTACK PRESUMED BY SOME TO BE INDUCED BY STEROID USE – 10 JAN 2003</td>
</tr>
<tr>
<td></td>
<td></td>
<td>BABU CHIRI SHERPA (MOUNTAIN CLIMBER)</td>
<td>FELL INTO A LARGE CREEVASE ON MOUNT EVEREST – 29 APRIL 2001</td>
</tr>
<tr>
<td></td>
<td>PERFORMANCE ERROR</td>
<td>BOAT RACERS (6) (SYDNEY-HOBART RACE)</td>
<td>BOAT CAPSIZED DURING A YACHT RACE NEAR AUSTRALIA – 27-28 DEC 1998</td>
</tr>
<tr>
<td></td>
<td>AIRCRAFT ACCIDENT</td>
<td>MANCHESTER UNITED FOOTBALLERS (8), STAFF (3) AND 12 OTHERS DIE IN AEROPLANE CRASH</td>
<td>BEA FLIGHT CRASHES AT MUNICH AIRPORT DUE TO BAD WEATHER (SKIDDED OFF THE RUNWAY) – 6 FEB 1998</td>
</tr>
<tr>
<td>SPORT</td>
<td>DANGEROUS ELEMENTS</td>
<td>GRANT ADCOX (NASCAR)</td>
<td>CAR CRASH AT ATLANTA MOTOR SPEEDWAY (GEORGIA) – 19 NOV 1989</td>
</tr>
<tr>
<td></td>
<td></td>
<td>JOHN MCDUFFIE (NASCAR)</td>
<td>CAR CRASH AT WATKINS GLEN INTERNATIONAL RACEWAY (NEW YORK) – 11 AUG 1991</td>
</tr>
<tr>
<td></td>
<td></td>
<td>DAVID SHARP (MOUNTAIN CLIMBER)</td>
<td>DIED ON A CONTOVERSIAL SOLO CLIMB OF MT. EVEREST WHERE OTHER CLIMBERS ALLEGEDLY REFUSED TO ASSIST HIM IN ORDER TO COMPLETE THEIR OWN ASCENT – 15 MAY 2006</td>
</tr>
<tr>
<td></td>
<td>HOOLIGANISM</td>
<td>MOHAMMED HAMID (IRAQI SOCCER PLAYER – CLUB: RAMADI)</td>
<td>SHOT DURING A PRACTICE BY A MASKED GUNMAN IN FRONT OF FANS &amp; TEAMMATES – 2 MARCH 2007</td>
</tr>
</tbody>
</table>

(Source: various secondary data sources and author knowledge)
More importantly, overconfidence is often perceived by the sponsor as control or optimism, which can induce lower risk perception by the sponsor (Kahneman & Lovallo, 1993).

**Conceptualising the ‘high-risk sponsee’**

The boundary between a high-risk sponsee and a low-risk sponsee is difficult to define. At a general level, we define a high-risk sponsee as any sponsee where there is non-trivial likelihood of death (mortality). The conceptualisation of this definition (see Figure 3) may be extreme and certainly omits other potential negative outcomes that would be considered very high risk (e.g. rape, spousal physical abuse). By focusing on the extreme case, however, we can achieve deeper insight into risk in sponsorship.

**Methodology**

This paper uses a three-step research protocol to gain insight into key issues pertaining to human mortality risk in sponsorship.

First, an extensive review of approximately 500 secondary sources (e.g. www.espn.com, Sport Business Journal, Street and Smiths, Globe and Mail, and others) was conducted to identify cases of high-risk sponsees. The selection criteria were based on the likelihood of death among the sponsees and the extent of media coverage of the cases.

Second, a qualitative analysis was performed to identify common patterns and themes. This involved coding the cases into categories based on the type of sponsee, the cause of death, and the context in which the death occurred.

Third, expert interviews were conducted with industry professionals to validate the findings and provide additional insights. The interviews were conducted with a range of professionals including marketing executives, sport administrators, and safety experts. The data from these interviews were used to refine the conceptualisation of the ‘high-risk sponsee’ and to develop recommendations for managing risk in sponsorship.

**TABLE 1 CONT.**

<table>
<thead>
<tr>
<th>DIMENSION OF HIGH RISK</th>
<th>GENERAL SOURCE OF MORTALITY RISK</th>
<th>SPECIFIC EXAMPLE</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SPORT (CONT)</strong></td>
<td>HOOLIGANISM</td>
<td>ANDRÉS ESCOBAR (COLUMBIAN SOCCER PLAYER)</td>
<td>SHOT (12 TIMES) OUTSIDE A COLUMBIAN BAR – 2 JULY 1994</td>
</tr>
<tr>
<td></td>
<td>ENTERTAINMENT STUNTS</td>
<td>OWEN HART (WWE)</td>
<td>FELL 24 METRES INTO A WRESTLING RING DURING A STUNT WHILE BEING LOWERED BY A CABLE – 23 MAY 1999</td>
</tr>
<tr>
<td></td>
<td></td>
<td>JOSHUA CHAPMAN (EXTREME SPORT STUNT MAN)</td>
<td>BURNED TO DEATH DRIVING A SNOWMOBILE THAT WAS ON FIRE – 20 JULY 2002</td>
</tr>
<tr>
<td></td>
<td>EXTREME SPORTS</td>
<td>DWAIN WESTON (PARACHUTE JUMPER)</td>
<td>A MISCALCULATED JUMP CAUSED HIM TO COLLIDE WITH THE BRIDGE – 5 OCT 2003</td>
</tr>
<tr>
<td></td>
<td></td>
<td>JIM BAILEY (PARAGLIDE RIDER)</td>
<td>FELL FROM HIS PLANE WHEN HIS HARNESS CAME UNDONE DURING AN EXTREME SPORT VIDEO SHOOT – 28 MAY 2007</td>
</tr>
<tr>
<td></td>
<td>ROLE MODELS</td>
<td>TIM HORTON (NHL – TORONTO)</td>
<td>CAR CRASH IN ST. CATHARINES, ONTARIO WHILE DRIVING TO BUFFALO FROM TORONTO – 21 FEB 1974</td>
</tr>
<tr>
<td></td>
<td>ADVENTURE</td>
<td>TOMAS OLSSON (SKIER/Climber)</td>
<td>FELL 1700 METRES WHILE SKIING DOWN MT. EVEREST – 20 MAY 2006</td>
</tr>
<tr>
<td></td>
<td>FACILITY</td>
<td>STADIUM FAILURE</td>
<td>SOCCER FANS (2) KILLED WHEN TRYING TO EXIT A HIGHLY OVER-CROWDED STADIUM WHICH BEGAN TO COLLAPSE DURING THE GAME – 6 MAY 2001</td>
</tr>
<tr>
<td></td>
<td></td>
<td>HEYSEL STADIUM DISASTER (BRUSSELS, BELGIUM)</td>
<td>SOCCER FANS (39) KILLED DURING EUROPEAN CUP FINAL WHEN LIVERPOOL FC FANS CHARGED INTO A SECTION OF JUVENTUS FANS PUTTING PRESSURE ON A STADIUM WALL FORCING ITS COLLAPSE – 29 MAY 1985</td>
</tr>
<tr>
<td></td>
<td>POLITICAL</td>
<td>TERRORISM</td>
<td>A PALESTINIAN MILITANT GROUP TOOK MEMBERS OF THE ISRAEL OLYMPIC TEAM HOSTAGE AT THE MUNICH OLYMPICS KILLING 17 – 5-6 SEPT 1972</td>
</tr>
<tr>
<td></td>
<td></td>
<td>MEMBERS (17) OF TEAM ISRAEL</td>
<td>DIED IN THE PLANE CRASH INTO THE WORLD TRADE CENTRE DURING THE SEPTEMBER 11TH TERRORIST ATTACKS – 11 SEPT 2001</td>
</tr>
<tr>
<td></td>
<td>POLITICAL VIOLENCE</td>
<td>HUSSEIN NAEEM (LEBANON SOCCER TEAM) &amp; HUSSEIN DOKMAK (LEBANON SOCCER TEAM)</td>
<td>CAR BOMB EXPLOSION IN FRONT OF A LEBANESE SOCCER STADIUM – 13 JUNE 2007</td>
</tr>
</tbody>
</table>
etc.) was carried out to create a portfolio, or list, of high-risk sponsees who meet the operational definition. This secondary research was carried out between June 2007 and January 2008 in order to outline the extent of risk that exists in sponsorship.

Second, two cases from one of the noted types of high mortality risk sponsees – mountain climbers – were selected to provide deeper analysis. The first case is about the 2005 Kanatek Expedition to Mount Everest, for which a high-technology company sponsored the summit attempt of the world’s highest mountain by Sean Egan. The second case reviews the 2005-2006 sponsorship between outdoor apparel company Mountain Hardwear and Jean Christophe Lafaille, attempting the first ever solo winter ascent of Makalu, the fifth highest peak in the world.

Known to be an appropriate method to follow from an initial secondary analysis, the in-depth case study method was selected because it has been shown to be effective (Yin, 2003): it allows for in-depth analysis and enhanced understanding of the actors, interactions and behaviours of a specific marketing process which has previously received limited attention (Woodside & Wilson, 2003). For each case, multiple sources of data were reviewed, including marketing plans, sponsorship contracts, budgets and interview transcripts. In both cases, the CEO of the sponsor reviewed and provided feedback on an earlier draft of this manuscript. Finally, the results of the secondary research and case studies were used to construct a pre-evaluation framework that practitioners can use to mitigate their risk in dealing with high-risk sponsees.

Results

Results Part I: Portfolio of high-risk sponsees
Based on the secondary research, examples for each of the categories identified in Figure 3 are provided in Table 1. Although rare, high-risk sponsees are found in numerous areas of sponsorship and it is evident that mortality risk exists for sponsors.

Results Part II: Case study analyses
Mountain climbers are one of the most frequently mentioned high-risk sponsees since high-altitude mountaineering can and does result in tragedy, either sudden death (e.g. avalanche, fall) or slow death (e.g. altitude sickness, pulmonary oedema) (Valliere & O’Reilly, 2007). Mountaineers are extroverts (Egan & Stelmack, 2003) and often overconfident, which increases the risk of accident due to risk taking and climber error (Kayes, 2004). Moreover, high altitude causes physical stress and cognitive impairment (Hackett, 1980). Hazards such as equipment failures, avalanches, rockfalls, icefalls and adverse weather further increase the likelihood of death (Bezruchka, 1994). Researchers have adopted various points of view to explain motivations for risk-taking on the part of mountain climbers. Five themes have been found: exhilaration (risk-taking and excitement), social (team work and communities), self-image (recognition and competition), climbing skill (development and testing) and escape (disengagement and solitude-seeking) (Ewart, 1994).

Case study 1: Kanatek expedition to Mount Everest
This case describes the sponsorship between a high-tech organisation undergoing a renaissance and a man attempting to reach the summit of Mount Everest. Sean Egan’s dream began in the summer of 2000, following his second major research expedition to the base camp of Mount Everest. At that point, Egan, a University of Ottawa health sciences professor, decided that he wanted to summit the world’s highest mountain. Then 58 years of age, Egan wanted to send a positive message about fitness and ageing by becoming the oldest Canadian and the second oldest man ever to reach the summit of Mount Everest. A seasoned athlete who had been a champion boxer, top marathon runner and fitness guru, he planned for a summit attempt in 2005, when he would be 63 years old. His preparations for the climb included a bike trek across Canada and the summit of Mount Aconcagua in Argentina, the world’s highest peak outside the Himalayas.
While physical fitness was Egan's strength, the generation of resources was not. However, following four years of setbacks, he signed a sponsorship deal with Kanatek, a Canadian independent systems integrator specialising in data availability, networked storage, backup and recovery solutions. Kanatek does business in the private sector, the public sector and academic market places in Canada. Its customers include Nortel, Rogers, the Canadian government, provincial governments (Ontario and Quebec), Bank of Nova Scotia, CIBC, Bank of Canada, Siemens, Alcatel, Via Rail and McGill University.

At the time of the sponsorship deal, Kanatek was seeking ways to increase sales, send a positive message to its partners and increase employee satisfaction. The company perceived itself to be in a ‘turnaround situation’ in its market after the technology crash of late 1990s, in which it had decreased in size by 50% and employee morale had sunk to a low level. Having declined the opportunity in 2003, the president of Kanatek reported that the decision to sponsor Egan’s expedition had been made in the spring of 2004, noting that the decision was “100% a business decision” (Terry Kell, personal communication, 1 December 2004), although a philanthropic element (fundraising for a charity) was built into the sponsorship contract.

Kanatek's eight pre-expedition sponsorship objectives, as determined by a review of the contract and interviews with key personnel, emphasised that this was a business-based initiative. These objectives were:

i) to leverage the sponsorship into more business with new and existing customers
ii) to raise Kanatek's profile in its market
iii) to support Egan's summit attempt
iv) to demonstrate the successful use of technology in a hostile environment
v) to support scientific research
vi) to organise the world's highest hockey game
vii) to raise money for the Child Haven International Orphanage
viii) to increase employee morale at Kanatek.

The sponsorship contract between Egan and Kanatek was finalised on 10 June 2004, creating the 2005 Kanatek Expedition to Mount Everest. The sponsorship fee paid by Kanatek for the title sponsorship was US$50,000. Both parties invested considerable additional resources towards the expedition. Kanatek leveraged its investment with US$250,000 of cash and in-kind resources, while the 21 members of the expedition (largely through self-funding) invested approximately US$300,000 in additional resources.

Both parties adhered to the contract. Efforts included media spots (TV, radio, newspaper), a blog that eventually hit an estimated 100,000 readers, the 2004 Kanatek Annual General Meeting being organised around the Everest theme, the organisation of two themed industry conferences (Toronto and Ottawa) in March 2005, two pre-expedition airport send-offs, the filming of a documentary, fundraising for charity (Child Haven; a Nepalese orphanage) and a special ice hockey game played at Base Camp (“The World's Highest Hockey Game”). Additional sponsors included HP, Skywave Mobile Communications, Energizer, Cold FX, Rogers Television, Urban Voyageur, Usana Health Sciences and 1972 Team Canada Hockey. As outlined in the sponsorship contract, an extensive two-year leveraging plan was developed by Kanatek for implementation post-expedition. This included conferences, a speaking tour by Egan and his teammates, the release of the documentary and much more (Terry Kell, personal communication, 13 November 2006).

The expedition left for Everest in March 2005, with Egan's summit attempt planned for late May. All went as planned until the loss of Egan's life on Everest on 29 April 2005. This tragedy was very difficult emotionally for many of the team members and led to the elimination of most of the planned leveraging activities. In fact, the post-event conferences, speaking engagements and all other external (promotions) or internal (staff) activities were cancelled. However, the objectives of the sponsorship not related to the summit (e.g. research outputs) were still addressed. Furthermore, a series of new charitable efforts were
launched to honour Egan and extend his legacy, including a major fundraising effort to build a school in Egan's name at the 'Child Haven' Canadian orphanage in Katmandu. The school was opened in March 2008. The effort was developed by 'Ad-Astra' (an oft-heard Egan mantra meaning 'aim high'), a group started and managed by expedition team members, whose goal was to build the school to honour Egan and to promote many of the healthy living ideas in which he believed. Between 2005 and 2008 Ad-Astra organised a variety of fundraising and message-sharing activities to raise the US$150,000 needed for the school.

This case study provides considerable direction for risk management in sponsorship. First, it provides an effective example of how to turn a negative outcome (death) into positive outcomes (fundraising for a school at an orphanage; health promotion). Second, the importance of planning is emphasised. Although representatives from both Kanatek and the expedition were aware of the mortality risk and had in place some plans (Egan's will, insurance, a marketing contingency plan etc), few really expected it and most were not prepared for a mortality outcome (Terry Kell, personal communication, 13 November 2006). Third, the ability of a realised mortality risk to devastate the sponsor's objectives is evident since the vast majority of Kanatek's planned objectives were not achieved. Fourth, the building of a marketing strategy around one specific athlete is also noted. Kanatek had built its sponsorship leveraging plan around Egan, so following his death, they had no option but to completely stop this plan and start anew. Had a contingency plan been built into the activation of this sponsorship, it is likely that Kanatek could have captured some downstream positive benefit without extra investment.

Case Study 2: Mountain Hardwear and Jean Christophe Lafaille

Founded in 1993, Mountain Hardwear is a premium mountaineering equipment and clothing company. To begin with the company had very limited time and resources to build its brand, so its management decided to focus on highly specialised, technical products that could help climbers summit the world's best-known mountains and attract a customer base of mainstream outdoor enthusiasts. Mountain Hardwear's early marketing activities were based largely on small grassroots initiatives such as distributing decals with its logo. Although these activities enabled the organisation to sustain its operations, none of those measures were sufficient to build the brand image that Mountain Hardwear sought.

In order to elevate the brand to elite status, Mountain Hardwear adopted the sponsorship of elite athletes as its primary marketing activity. Selecting those athlete-sponsees was both art and science. While the company required that its athletes have impressive CVs, it also sought people whose personalities and outdoor pursuits embodied the Mountain Hardwear image. The athlete-sponsees were those who had achieved legendary status within the mountaineering community. Mountain Hardwear, in turn, leveraged these relationships to build its customer base by linking its products to the successful mountain summits of their sponsored stars. These athletes were also involved in various related promotional activities such as trade shows, events and store visits. They were considered partners of Mountain Hardwear and often close relationships developed between the company and the sponsee.

A key success factor in the success of Mountain Hardwear was that consumers believed that the apparel was not designed by a large commercial
business but instead was a brand of and by the people of the mountains (many of whom had little interest in organised sports or regard for any manner of corporate life). Mountain Hardwear’s marketing strategy worked: its sales increased from approximately US$1.25 million in 1994 to more than US$16 million in 1998. It became profitable in 1996.

The typical sponsorship contract between Mountain Hardwear and a sponsee-athlete was three years in length. The athlete was required to wear Mountain Hardwear gear, achieve press coverage under a bonus structure, provide high-quality photos and devote a minimum number of days to promoting Mountain Hardwear at various events. In turn, the company provided the athletes with a stipend, gear and logistical support. Often, Mountain Hardwear equipment designers would work closely with the sponsored athletes to develop new gear and to make customised equipment when appropriate. The company’s marketing department tracked media appearances to project a fairly accurate measurement of the cost-per-reader impression of each athlete and assess the efficacy and efficiency of its portfolio.

Jean Christophe Lafaille was one of Mountain Hardwear’s marquee athletes. A French national, Lafaille had achieved superstar status that transcended the climbing community in Europe, although he was relatively unknown in the United States. He had a penchant for climbing alone, without oxygen and during the most challenging seasons. Often, Lafaille would begin his climbs in virtual secrecy, shying away from the attention and pressure of media coverage until he had accomplished his extraordinarily ambitious goals. His humble demeanour and daring ascents had made him a celebrity, landing him on the cover of popular French magazines and making him a well recognised figure across Europe.

Mountain Hardwear’s executive team reviewed its athlete sponsorship strategy in early 2006. Although the company’s stable of athletes were providing impressive and positive press coverage, the president of Mountain Hardwear was not content to rest as he wanted to be sure that the company’s portfolio of athletes suited the company and its globalisation strategy. During this review period, the executive team was watching the progress of Lafaille with interest as he was planning his attempt for the first ever solo winter ascent of Makalu, the world’s fifth highest peak. Located just a few miles from Everest, Makalu is considered by many to be among the most difficult mountains in the world. On 27 January 2006, Lafaille called Katia, his wife and manager, to announce that the bad weather had abated and he was leaving his tent in a bid for the summit. By 31 January Katia had not received word from her husband and arranged for a helicopter search. Over the next few weeks, various search parties found no trace of Lafaille and he was presumed lost.

Following his presumed death, Mountain Hardwear supported (and continues to support) its sponsee considerably. First, Mountain Hardwear communicated with Lafaille’s wife throughout the entire incident, knowing how sensitive the small climbing community is to the actions of sponsors (Mike Wallenfels, personal communication, 22 October 2007). Second, fellow Mountain Hardwear sponsored climber Ed Viesturs went immediately to Makalu to spend time with Lafaille’s family and to be there in case a rescue effort was required. Third, Mountain Hardwear communicated to consumers about the tragedy through their website and made significant contributions toward local non-profit organisations and charities at the request of Lafaille’s wife (Mike Wallenfels, personal communication, 22 October 2007). They also paid the remaining portion of his contract to his family. Fifth, Mountain Hardware agreed to fund the publication of a photo book honouring Lafaille’s life, ascents and personality (Mike Wallenfels, personal communication, 22 October 2007). Finally, a memorial was constructed at Mountain Hardwear’s head office. Contrary to the Egan tragedy, a contingency plan was in place – probably because of the many previous Mountain Hardwear experiences sponsoring high-risk climbers – and downstream benefits continue to accrue to Mountain Hardwear from the relationship.
FIGURE 4 Sponsorship evaluation framework for high-risk sponsees

<table>
<thead>
<tr>
<th>Concept Initiation Scenario</th>
<th>High-Risk Sponsee Approaches</th>
<th>High-Risk Sponsee Responds to Sponsor Request for Proposal</th>
<th>Sponsor Considers High-Risk Sponsee for Non-Business Reason (e.g. CEO likes sport)</th>
<th>Sponsor Considers High-Risk Sponsee Based on a Specific Business Decision (e.g. reach)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-Planning &amp; Pre-Emptive Tactics</td>
<td>Consider Other Promotional Alternatives and Other Sponsee Alternatives</td>
<td>Assessment of Negative Outcome Potential</td>
<td>Re-Assess Opportunity Using Business Approach</td>
<td>Assessment of Negative Outcome Potential</td>
</tr>
<tr>
<td>Negotiation Phase</td>
<td>Develop Contingency Plans</td>
<td>Sponsorship Contract is Negotiated and Signed That: 1. Signals to the Sponsee the Things That They Cannot Do (e.g. no snowmobiling in winter or waterskiing in the summer: athlete risk, dress code, incentive clauses, prevention clauses) 2. Outlines Consequences for High-Risk Sponsee Action (e.g. claw backs of signing bonuses, termination of contract, etc.); including a player code of conduct and the involvement of the player’s union.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract Signing (Clauses)</td>
<td>1. Consistent Message from League and All Teams; including handing out of suspensions and fines 2. Training and Support Services to Players 3. Club/Team Accountability (fines, % of player salaries, deduct points, loss of draft choice, hold on to salary cap, ‘hold’ put on salary cap for franchise) 4. Stringent Appeal Process (direct to commissioner, no third party) 5. Assessment of Overall Sponsorship Portfolio (risk variations etc.) 6. Innovative Preventions (e.g. social ‘don’t drink and drive’ programmes)</td>
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</tbody>
</table>
Results Part III: Pre-sponsorship evaluation framework for high-risk sponsees

A framework (Figure 4) for high-risk sponsee management was constructed based on the results. This framework provides direction to sponsors for risk management in four different sponsorship initiation scenarios:

- when approached unsolicited by a high-risk sponsee
- when a high-risk sponsee responds to the sponsor's request for proposal
- when a high-risk sponsee is considered for a non-business reason
- when a high-risk sponsee is sought because they provide a particular business advantage, such as access to a certain target market.

In all four cases, a second planning stage is outlined in which detailed research and strategic assessment are to be carried out to allow for contingency planning, the signing of a sponsorship contract that mitigates, as much as possible, the sponsor’s risk. Specific details on what should be included in the contract and tactics for its implementation are also noted.

Discussion and conclusion

This paper considers human mortality risk in sponsorship. A framework for sponsors to manage their risk in sponsorship is developed and presented. If followed, this will aid sponsors in addressing the challenges of high-risk endeavours such as having imperfect information (Hakes & Viscusi, 1997) or lacking understanding of the situational influences in the planning stage of the sponsorship (Weber & Milliman, 1997).

Critical to the framework presented are sponsor actions pre-contract and post-contract. In the Egan case study, the title sponsor notes that they would now plan differently for future sponsorship opportunities. In the Lafaille case study, evidence suggests that the title sponsor — experienced with high mortality risk sponsees — was able to benefit from related planning. Thus a variety of measures are recommended pre-contract to minimise the potential risks and maximise the potential benefit. Specifically, this refers to planning, where a plan to contain and then turn a realised human mortality risk into a positive for the sponsor is developed and ready for implementation.

From a risk management point of view, the sponsor plans to reduce their risk exposure, avoid the de-valuing of their brand and enhance their brand by transforming the realised mortality risk into a positive. Similarly, post-contract, should the worst (death) occur, this analysis suggests strongly that specific marketing contingency plans need to be in place to immediately control the situation to reduce/eliminate the negative impacts on the sponsor and to turn the situation from a negative to a positive for the sponsor and its brand, as the Ad Astra group did following Egan’s death. This approach also enables the sponsor to understand and account for sponsee motivations for risk-taking, as outlined by Ewart (1994).

The sponsorship contract itself is also shown to be an important component of sponsorship risk management. The length of the contract infers a balance between exposure to all seven dimensions of risk and the ability to guarantee exclusivity with a certain sponsee for an extended period of time. For example, in signing a blue-chip prospect, a National Hockey League team can (a) sign the prospect to a short-term, low-salary contract or (b) sign the player to a long-term, high-salary contract. Although option (b) exposes the team to significantly more on-the-field and off-the-field risk exposure, if the prospect becomes a star, the team benefits from having them under contract for a long period of time at a salary that is probably below their market value. Conversely, option (a) provides the team with much less on-the-field and off-the-field risk exposure if the prospect does not develop. However, if the prospect matures quickly into an all-star, there is a good chance the player will be lost to free agency or will cost the team significantly
more financially to re-sign. Clearly, the contract must communicate to the sponsee all things which they cannot do (e.g. insurance risks, drug use) and outline what will happen should they engage in risky behaviours (e.g. penalties, fines).

This analysis also outlines that the performance ability of the sponsee has an impact on how much risk a sponsor will be willing to expose themselves to. Lafaille was an elite, internationally recognised climber, while Egan was an amateur climber with little recognition. As a result, each sponsor responded differently to the sponsee death and, in the case of Lafaille, Mountain Hardware exposed itself to more risk, while Kanatek completely removed itself from all planned leveraging activities. These responses led to different outcomes in terms of commercial benefit accrued to, or lost by, the sponsor, supporting previous literature (Séguin & O'Reilly, 2008) that shows sponsorship to be a tool for navigating challenging communication pathways when implemented, leveraged and serviced effectively.

In terms of learning from human mortality outcomes, this research reveals that following a sponsee death that may have negative brand consequences over and above the resources lost from investing in the sponsorship, the sponsor can work from plans developed pre-sponsorship to transform a negative outcome into a positive one for their brand. Many sporting goods manufacturers, for example, often include performance clauses in their contracts with athletes, where the sponsorship contract is valid only if the athlete achieves certain performance clauses (e.g. remain ranked in the top five in the world). In these cases, the variable component of the contract mitigates the sponsor’s risk.

Given the nature of this research, it has two important limitations. First, the use of an extreme case (human mortality risk) to illustrate high risk is recognised as an effective way to demonstrate the concepts but also may overstate or overemphasise certain elements of sponsorship from a risk point of view. Second, the use of secondary research and case studies – although appropriate in an exploratory study such as this – are limited in their generaliseability.

In conclusion, mortality risk is shown to be an important consideration for sponsors. It must be considered, planned for, negotiated and dealt with. In fact, if proper contingency planning is in place, this analysis suggests that the most negative of outcomes can be turned into positive ones for both the sponsor and the sponsee. If not, the investment in the sponsorship will certainly be lost and additional negative impacts to the sponsor’s brand will be risked. In the case of sponsee death, it is important to note that the sponsor may not be the one to capture initial upsides following a sponsee tragedy. However, with the implementation of careful strategy and ongoing activation, the sponsor can place themselves, downstream, in a position to capture some of the positive outcomes.

As an initial study combining two important literatures – sponsorship and risk management – this work generates considerable avenues for future research. These include further empirical work (both qualitative and quantitative) towards understanding risk in sponsorship, sponsee risk and human mortality risk, and conceptual work to further develop practitioner tools and academic theory in the area.

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Biography

Norm O’Reilly is Director and Associate Professor at the School of Sports Administration (SPAD) and Director of the Institute for Sport Marketing (ISM) in the Faculty of Management at Laurentian University, Ontario, Canada. As a researcher, Norm has published two books, 30 articles in refereed management journals and more than 50 conference proceedings and case studies in sports management, technology management, marketing education and social marketing. Norm was the lead researcher on the inaugural Canadian Sponsorship Landscape Study, a highlight of the 2007 Canadian Sponsorship Forum.
He is also the principal investigator on a large government-funded grant on urban youth sport participation. He has extensive involvement as a sports practitioner and administrator (Sport Canada, Canadian Olympic Committee, Toronto 2008 Olympic bid and 2008 Winter Games). He is an active hockey player, has completed more than 200 triathlons, including six Ironmans and five Long Distance World Championships, and has plans to summit Mount Aconcagua in 2009.

George Foster’s research and teaching includes entrepreneurship/early-stage companies; financial analysis, especially in commercial disputes; and sports business management. His recent research includes the role of financial and other systems in the growth and valuation of companies. He is also researching globalisation challenges facing sporting organisations and companies. George holds undergraduate and graduate degrees in economics from the University of Sydney and a doctorate from the Graduate School of Business, Stanford University. He taught at the University of Chicago and the Australian Graduate School of Management prior to joining the GSB faculty at Stanford University. His writings include more than 30 research articles and three monographs, as well as textbooks. He is a winner of the Distinguished Teaching Award at Stanford Business School and has been awarded honorary doctorates from the University of Ghent (Belgium) and the University of Vaasa (Finland). Foster is actively involved in the business community, especially with venture-capital backed startup companies and has served as a director in multiple companies. He is also actively involved with sporting organisations around the globe, including directing executive programs for the National Basketball Players Association (NBPA) and for the National Football League (NFL).

References


Sports sponsorship as a strategic investment in China: perceived risks and benefits by corporate sponsors prior to the Beijing 2008 Olympics

Keywords
- sports sponsorship
- strategic marketing
- People’s Republic of China

Executive summary

There have been few attempts to examine how sports sponsorship works in the context of Chinese culture and economics. Most research (e.g. Cornwell, 1995; Farrelly et al, 1997; Gwinner & Eaton, 1999; Lapio & Speter, 2000; Meenaghan, 1991) has focused on markets in North America, Europe, Australia and to some extent Japan, all highly developed capitalist countries. As a result, mainstream sponsorship theories and frameworks are built on the foundation of a highly commercialised market and related systems of social and cultural values. China, with its unique history and cultural background, provides a very different market for sports sponsorship. There is, however, little research to address such uniqueness and identify ways in which international and domestic corporations perceive and act on the opportunities for sponsorship investment in China.

The researchers of this study used a two-stage methodology to address the research questions – document analysis and interviews. For the document analysis, more than 108 documents were gathered and analysed. A series of partially-structured in-depth

Abstract

The purpose of this study is to examine the application of sports sponsorship in China, particularly to gain some understanding of the benefits as perceived by corporate sponsors. In-depth interviews were conducted with 19 sports sponsorship experts in China. The results provide insights into how sports sponsorship works in this emerging market.

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interviews were conducted with 19 experts in sports sponsorship in China. This included seven experts from various government organisations dealing with sports sponsorship, and 12 corporate senior managers representing 11 corporations that have invested in sports sponsorship in China. They were representatives of the most experienced authorities in sports sponsorship in China.

The results of the study conclude that corporate sponsors view sports sponsorship as a strategic investment. They believe strongly that sports sponsorship helps build not only brand equity, but also relationships, networks and alliances. Relationship is by far the most important element in business dealings in China. The study also examines the concomitant risks perceived by corporate executives in sports sponsorship in China. Five types of risks are identified. They are poor execution, inadequate investment in leveraging, sports performance fluctuation, termination cost and opportunity cost. The lack of trained professionals in sports sponsorship and policy changes are viewed as reasons behind the poor execution. Surprisingly, cultural differences are not considered as barriers for international corporations to sponsor sport in China. The study has direct implications for corporations wanting to invest in sports sponsorship in China.

Introduction

Sports sponsorship has, in a relatively short period, developed into a major industry in the global marketplace (IEG, 2004), and the People's Republic of China (hence China) is no exception. The Chinese sports industry is growing very rapidly. Many international sports events now have a presence in China. For example, the 2008 Olympic Games was held in Beijing and Shanghai has hosted a Formula One Grand Prix since 2004. Lenovo was the first Chinese company to become an Olympic worldwide partner, paying $65 million for the rights in 2004 (Wang, 2004). In the same year, China's largest petrochemical corporation, China Petroleum & Chemical Corporation (Sinopec) signed a long-term sponsorship agreement with Allsopp, Parker & Marsh (APM) to obtain exclusive sponsorship rights to the Chinese Grand Prix (Xinhua Online, 2004). Between 2004 and 2005, Bank of China and seven other domestic corporations, along with Adidas, Volkswagen and Johnson & Johnson, became Beijing 2008 Partners (People's Daily Online, 2005). In addition, Xinjiang Guanghui is one of several domestic companies to have dominated sponsorship opportunities in the Chinese Basketball Association (CBA) since 1999 (Xunying.com, 2006-2007).

The Chinese economy is undergoing rapid development. China's gross domestic product has seen an average growth rate of 9.4% in the past decade (US-China Business Council, 2007). The Chinese government consistently provides a huge amount of financial support to develop elite sports. As a consequence, China's athletes won 1,798 world championship titles and equalled or set 1,119 world records between 1949 (when the People's Republic of China was founded) and 2004. Chinese Olympians have won 308 medals since the 1984 Los Angeles Olympic Games when China first competed in the event, and topped the medals table in Beijing (Beijing Organising Committee for the Olympic Games, 2003, p.39; Focus on China, 2007).

Despite an increasing academic interest in sports sponsorship in the global marketplace, China has not received significant attention given its emerging economy and rising profile in sport. There have been very few attempts to examine how sponsorship works in Chinese cultural and economic contexts (Geng et al, 2002). Most sports sponsorship research has focused on North America, Europe, Australia and to some extent Japan, which are all highly developed capitalist countries (e.g. Cornwell, 1995; Farrelly et al, 1997; Gwinner & Eaton, 1999; Lapio & Speter, 2000; Meenaghan, 1991). As a result, mainstream sponsorship theories and frameworks are built on the foundation of a highly commercialised market and related systems of social and cultural values. China,
with its unique historical and cultural background, is a very different market for sports sponsorship. There is, however, a paucity of research to address such uniqueness and identify ways in which international and domestic corporations perceive and act on the opportunities for sponsorship investment in China.

## Literature review and theoretical framework

As sports sponsorship evolves, researchers have attempted to use a number of perspectives or theories to explain the relationship between the parties involved in a sponsorship. One such perspective suggests that sports sponsorships are forms of ‘exchange relationships’ that “are based on principles of maximising reward and minimising risks” (Copeland et al, 1996, p.33). Under such an exchange relationship, the corporation provides the sports property with sponsorship dollars and hopes that the sponsorship, as an investment, will generate considerable tangible and intangible returns and benefits.

The identification of sponsorship objectives and benefits has been one of the major focal points of research into sports sponsorship (e.g. Apostolopoulou & Papadimitriou, 2004; Ludwig & Karabetsos, 1999; Witcher et al, 1991). Enhancing corporate image and increasing brand awareness, two basic elements of brand equity (Keller, 1993), are the most important and frequently identified benefits obtained from sports sponsorship (Cornwell, 1995; Quester, 1997). Similarly, the understanding of how sponsorship drives the bottom line has increased because of the more sophisticated research into its measurement (Crompton, 2004; Harvey, 2001; Meenaghan, 2005). But how can sports sponsorship be implemented to realise its objectives? There are three major paradigms for understanding the factors and processes of sports sponsorship management in the existing literature of sponsorship.

### Sponsorship and integrated marketing

Quester and Thompson (2001) reveal that "sponsorship effectiveness is directly related to the degree to which the sponsors are willing to leverage their investment with additional advertising and promotional activities and expenditure" (p.33). Leverage is a key concept and plays an important role in the support of sponsorship success. In a social setting, leverage is similar to power in that it “involves influencing the behaviour of other parties” (Volkema, 2006, p.3). In terms of sponsorship management, leverage refers to a ratio of cross-promotional expenditure, including advertising, sales promotion and client entertainment, to the sponsorship fee (Cornwell et al, 2001). Given the characteristics of orchestration, the theoretical perspective of sponsorship-linked marketing (Cornwell, 1995) is an integrated marketing paradigm being applied to sports sponsorship. It focuses on the communication effects on various audiences to support sponsorship’s contribution to brand equity (e.g. Cornwell at al, 2001).

Integrated marketing, also known as Integrated Marketing Communications (IMC), is a concept describing the marketing communications programmes that “coordinate all promotional activities: advertising, personal selling, sales promotion, public relations and direct marketing, to provide a consistent message across all audiences and to maximise the promotional budget” (Berkowitz et al, 2000, p.492). In essence, IMC creates a synergic effect that helps achieve communication and sales objectives and builds equity for brands (Belch & Belch, 2004).

Where sports sponsorship programmes use integrated marketing strategies, the process is known as activation. “Activation strategies should be designed to form a link between the event attendee and the sponsor’s product. Enhanced public relations efforts, internal communications, traditional advertising, hospitality, internet tie-ins and enhancement of business-to-business partnerships are the most attractive forms of activation to sponsors” (Miloch & Lambrecht, 2006, p.153). The link, image transfer,
Sports sponsorship in China encompasses a wide range of knowledge, skill and experience exchange from corporate sponsors to sponsored sport to consumers. As a result, the evaluation of the effects and effectiveness of sponsorship relies mainly on analysis of recall, recognition rates and purchase intentions (Levin et al, 2001; Miloch & Lambrecht, 2006).

Sponsorship and relationship marketing
However, sponsorship is far more complex than a one-way communication with various audiences through the traditional marketing mix. Sponsorship can also be viewed as a facilitator of mutually beneficial business relationships and networks (Olkkonen, 2001; Olkkonen et al, 2000). As such, it also falls into the category of relationship marketing. (Chadwick, 2002; Cousens et al, 2001). The perspective is based on the premise that customers form relationships with people rather than goods (Berry, 1995). Relationship marketing prioritises customer retention, because “the costs to maintain existing customers are frequently lower than the costs to acquire new customers” (ibid., p.237).

Olkkonen et al (2000) argue: “sponsorship relationships (dyads) or sets of relationships (networks) are assumed to evolve as a result of interpersonal communication which occurs situationally in communicative and cognitive processes between interactants” (p.4). Thus the relationship marketing paradigm focuses on retaining rights to a sponsored property or leveraging existing relationships with partners (Cousens et al, 2001). Chadwick (2002) indicates “this to be a part of an ‘edu-selling’ process whereby parties to a sponsorship contract educate one another about the benefits of a deal” (p.260).

Central to successful sponsorship is how sponsors can build commitment in their relationships with sponsored sports. The key factors in establishing commitment are “shared value, relationship termination costs and perceived relationship benefits” (ibid., p.258) because the main objective of sponsorship, from the perspective of relationship marketing, is to obtain mutual benefits and achieve win-win situations rather than focus only on discrete transaction outcomes. Chadwick (2002) emphasises that sponsors will obtain more than a direct financial return if they endeavour to build a long-term relationship with sports properties and/or work together in alliances, joint ventures and partnerships.

Sponsorship and strategic alliance
With the advent of globalisation and the development of emerging economies around the world, sports sponsorship has recently been utilised as a strategic vehicle to help corporate sponsors compete in the international marketplace. These strategic initiatives include co-marketing alliances (Farrelly et al, 2005), creating global synergy (Madrigal et al, 2005) and entering emerging markets. Sponsorship relationships are, therefore, better understood as strategic alliances (Farrelly & Quester, 2005) designed to deliver sustainable competitive advantage (Amis et al, 1999).

According to Parise and Casher (2003), a strategic alliance is characterised as “an open-ended agreement between two or more organisations which enables cooperation and sharing of resources for mutual benefits, as well as enhancement of competitive positioning of all organisations in the alliance” (p.26). As such, “sponsorship is an alliance between those who market sport with those who market through sport. It is a business-to-business relationship that, when dealing across national borders, can benefit greatly from a tightly structured collaborative alliance” (Farrelly & Quester, 2005, p.238).

The key to managing the sponsorship alliance focuses on sharing resources for mutual benefit. Parise and Casher (2003) identified two main individual alliance factors: relationship levers and knowledge exchange, as leading to higher performance. Farrelly and Quester (2005) agree, proposing that key relational factors in sponsorship are communication, trust and commitment. Knowledge exchange, defined by Parise and Casher (2003), “is an active, two-way process” through which “tacit knowledge e.g. the experience, expertise and heuristics that reside undocumented in individuals” (p.29) has been
transferred between partners. Thus the collective investment in relationships and active approach to knowledge exchange could be vital to the achievement of collaborative synergy (Kanter, 1994). Therefore, the outcome of sponsorship could be measured by both economic and non-economic satisfaction within a sponsor’s international alliances (Farrelly & Quester, 2005).

Overall, there has been a gradual broadening in the use of sponsorship to encapsulate first the marketing and communicational mix then broader corporate strategies including partnerships and strategic investment. We have initiated a conceptual model for strategic investment of sports sponsorship based on this premise (see Figure 1).

The different paradigms of sponsorship do not necessarily follow a step-by-step sequence. In some cases they have tended to operate together in such a manner that all forms are observable in some national and international markets. The dynamic and complex sponsorship relations can be explored not only through “the tangible assets available to corporations, such as media buys, signage or the display of logos on jerseys, but also the intangible assets and the capacity of both actors to successfully manage and grow a strategic partnership within the dynamic global sports industry” (Cousens et al., 2006, p.5). Sports sponsorship should be regarded as a strategic partnership (Amis et al., 1997) that needs investment to develop into a corporation’s distinctive competence (Amis et al., 1999) through integrated marketing, relationship marketing and strategic alliances. The three paradigms of sports sponsorship have been chosen because they are potentially connected and provide a more useful and compelling conceptual framework than relying on a single element. The objective is to construct a solid theoretical foundation on which to base our analysis of sports sponsorship in China.

Research on sports sponsorship in China
Sports sponsorship is a relatively new phenomenon in China. To date, little material has appeared in sports management literature that addresses sponsorship-related issues in the country. One example is a survey which compared the perceptions of executives in corporations and sports organisations towards...
Sports sponsorship in China

The study found that the executives largely viewed sports sponsorship as “a positive medium for achieving marketing/promotion objectives” (ibid., p.27). However, the difference between the sports organisations and corporations on the perception of which objectives can be achieved through sport sponsorship demonstrates a “formidable philosophical gap”. This is attributed to the state of the Chinese market at the time of the study, which was in a transitional period in which the sports-centred and market-driven mindset co-existed (ibid., p.20).

More recently, a study was conducted to identify the strategic role that international sponsorships have played in China as a result of the Beijing 2008 Olympics (Söderman & Dolles, 2008). The authors of the study used secondary data collected from Chinese newspapers and the internet to develop a “means-objectives model” following analysis of the activities of 36 Beijing Olympic sponsors. They found that the corporate sponsors used integrated marketing strategies to build equity for their brands in the emerging Chinese market. More importantly, they argued that Olympic sponsorship helps to strengthen not only the corporate and product image, but also the regional image (ibid.).

This study was designed to apply the three previously mentioned paradigms of the sponsorship model to examine the application of sports sponsorship in China. In particular, it attempted to produce an understanding of the benefits and risks of sponsoring sport in China as perceived by corporate sponsors that have experience of sports sponsorship in the country. The study was based on three key questions: (a) did international and national corporate sponsors conceptualise sports sponsorship as a strategic investment in emerging markets such as China? (b) what were the benefits and the risks of sports sponsorship perceived by corporate sponsors while sponsoring properties in China? and (c) were cultural differences perceived as a barrier for international corporations to enter the sports sponsorship market in China?

Methodology

The researchers of this study used a two-step protocol to address the research questions: document analysis and interviews. The document analysis comprised two processes, the search for information and information examination. The search for information was done through the use of Chinese keywords ‘ti yu zhan zhu’, which means ‘sports sponsorship’ in English, on four online sources from 2003 to March 2004. They included: (a) China State General Sport Administration (http://www.sport.gov.cn), (b) All China Sport Federation (http://www.sport.org.cn), (c) Beijing 3721Technology Co. Ltd (http://www.3721.com) and (d) SINA Corporation (NASSAQ: SINA) (http://www.sina.com.cn).

The four websites represented three distinct categories of documentary source: government source, sports industry source and mass media source. In total, more than 108 documents were gathered and analysed. The analysis yielded a number of examples of sports sponsorship in China. With the use of a purposive sampling method, a sample of corporate sponsors was identified and selected on two criteria: diversity and innovation in sponsorship execution (Palys, 2003).

Qualitative research comprised interviews as the primary data collection method. This is because “interviews offer a depth of information that permits the detailed exploration of particular issues in a way not possible with other forms of data collection” (Amis, 2005, p.105). For this reason, interviews were used to explore sports sponsorship issues such as decision-making (Amis et al, 1997; Amis et al, 1999) and ambush marketing (Séguin & O’Reilly, 2008). Given that this research was exploratory, it was decided to create a two-stage process with part one being less structured in-depth interviews. These ‘pilot’ interviews were first conducted with seven experts in sports sponsorship. The subjects worked for the China State Sports General Administration (CSSGA), the Chinese Olympic Committee (COC), the Beijing Organising Committee for the Olympic Games (BOCOG) and two...
universities in Beijing. The pilot interviews helped not only to refine the interview questions, but also to identify the corporate senior managers through subjects’ referrals. Next, in-depth interviews were conducted with 12 corporate senior managers representing 11 corporations (five international and six domestic) between June and July 2004. With written consent provided by the participants, all interviews were tape-recorded and transcribed. The interviews, conducted in Chinese, were later translated into English. The interviewed executives were either Chinese, Chinese Americans, Hong Kongese or American. All were fluent in both English and Chinese (Mandarin). These key individuals were representatives of the most experienced authorities in sports sponsorship in China.  

An example of the questions asked in the less structured interviews was ‘Could you describe your sports sponsorship in China?’ During the interview, the interviewer periodically provided appropriate probing to solicit further response. For example, after a response was provided to the question ‘What were the risks encountered by corporations while sponsoring sports properties in China?’, a number of follow-up questions were raised, such as ‘Do you have an example to substantiate your opinion?’

Results and discussion  
The results of the study revealed that while the corporate executives interviewed felt that, to a certain extent, their corporations had been successfully using sports sponsorship to build brand equity and relationships, they were also facing many tangible risks. In the following section, the results of the interviews are presented in two major themes: perceived benefits and risks of sports sponsorship by the corporate executives.

Perceived benefits  
Brand equity  
The interviewees thought that sports sponsorship was a strategic investment and increasing brand equity was the major justification for making the investment. As suggested by Keller (1993), brand knowledge should be conceptualised according to an associative network memory model in terms of brand awareness and brand image. This model helps to explain the process of building brand equity, which is achieved when a customer is “aware of the brand and holds some favourable, strong and unique brand association in memory” (ibid., p.2). In other words, it takes time and hard work to make a brand recognisable, acceptable and favourable to consumers in such way that ultimately they purchase the brand. From this standpoint, none of the corporate executives interviewed said that a sports sponsorship agreement should be for less than three years. Rather, most reported that they usually signed a five-year contract with the sponsored sport.

From a consumer marketing perspective, seeing a sponsor’s name associated with the same sports event, year after year, reinforces the impression of the product-sports sponsorship relationship in the consumer’s memory (Cornwell et al, 2001; Keller, 1993). It takes time for people to become interested in a brand and then to become loyal to that brand. The corporate executives interviewed stated that their successful sponsorship agreements were achieved by making long-term commitments to sponsored sports. They specifically emphasised that they had incorporated the sponsorship into their strategic planning which helped position and achieve their corporate objectives.

Although some of the sponsors have not been able to get the desired economic returns on their sponsorship investment over a period of several years, they still believed that their sponsorship agreement was successful in terms of building brand image, company awareness and local reputation. For example, Guanghui, the biggest non-state owned
enterprise whose major products are building materials in Xinjiang Minority Autonomy District (hereafter referred to as Xinjiang), invested around RMB 3 million (US$500,000) to become title sponsor of the Xinjiang International Basketball Invitation from 1993 to 1996. After gaining some degree of brand awareness, Guanghui executives thought that the venture deserved to be leveraged and have since increased the amount of sponsorship investment year on year. In 1999, Guanghui became the owner of the Xinjiang basketball team, which was owned by the Xinjiang Provincial Government, and renamed it Guanghui Basketball Club with an annual investment of approximately RMB 12 million (US$2 million). Through this sponsorship, Guanghui established a good reputation and built an extensive social relationship network including links with government and media. A vice-president of Guanghui stated:

“… [the sponsorship] helped build our brand image. We surprised many people as we built a strong basketball club in such a short period of time. The club jumped from second to last place, to second place in the Division B within two years and then jumped into Division A and now ranked as one of the top five teams in that division. Xinjiang Guanghui is called a ‘dark horse’ in the CBA. Thus, our sport sponsorship helped promote Xinjiang and Guanghui as well as basketball all over China.”

This example demonstrates that a Chinese company perceives sports sponsorship as an investment because it helps build corporate brand equity, raise awareness within a city and support a sporting organisation. This finding supports previous research maintaining that sports sponsorship helps enhance the corporate and regional image (Söderman & Dolles, 2008). The investment behaviour has therefore been an example of the ‘multiple parties win’ solution, even though investing in sports sponsorship might be risky in an immature market such as Chinese sport.

International companies also adopted a unique philosophy on sports sponsorship investment. For instance, as an official sponsor of the Chinese Baseball Tournaments, Canon gets neither wide brand awareness nor ticket income because there are very few baseball fans and admission is free. A Canon executive interviewed for this study highlighted the strategic investment philosophy on sports sponsorship in China:

“We have arranged many activities through sponsoring baseball and are trying to associate it with our brand. This is a strategic investment as it can hardly drive our sales now. However, we both may grow when baseball attendance increases year after year.”

Both Guanghui and Canon (China) viewed sports sponsorship in China as a long-term investment and conceptualised it from a corporate strategic investor’s standpoint. These two cases show how corporations have invested in an unpopular sports property in China hoping to reap potential benefits in the future once an interdependent relationship is built. The results of this study show that building brand equity is regarded by corporations, domestic or international as one of the most important ways for sponsors to obtain a return on objectives in China. This is consistent with the notion that “building up an image that encompasses both the company and the sponsored party takes a lot of time and effort; it is not something that happens overnight” (Amis et al, 1999, p.300).

Relationship benefits
Sponsorship helps to build relationships and networks interpreted from the perspective of relationship marketing (Olkkonen et al, 2000; Olkkonen, 2001). This was confirmed by the interviews conducted in this study. One of the primary reasons for organisations to enter partnerships is to build relationships and to reduce uncertainty (Kanter, 1989). The findings from this study show that corporate sponsors expressed strong willingness to
partner sponsored sports organisations to realise mutual benefits. In addition to offering cash, equipment, or personnel, sponsors were also willing to invest time or offer ideas when executing their sports sponsorship agreements. When asked to explain how a relationship approach was employed when dealing with sports sponsorship, a senior marketing executive of SINA (a leading internet company and competitor to Yahoo in China) said:

“We provide money to sponsees; however, we like to build a positive and long-lasting relationship like a partnership with the sport rather than a one time (transaction). The partnership means that you need me and I need you too – mutually beneficial relationships or win-win situations.”

Some of the corporate executives interviewed even suggested the use of the term ‘gongjian’ (which means co-building in Chinese) to describe the nature of sports sponsorship relationships between two parties in China. The process of partnership formation could build a gongsheng (symbiotic relationship) between a sports property and a sponsor, to achieve a competitive advantage for both, as “successful sponsorship agreements appear to represent a heterogeneous distribution of resources” (Amis et al, 1997, p.84). In effect, a partnership can block competitors from gaining access to the heterogeneous distribution of resources that a company preoccupies. Evidence shows that one domestic company working with a sports entity formed such a block. In the example, a senior executive of an international sports apparel company, which wanted to compete against Li-Ning, the dominant sports apparel firm in China, described the difficulty in achieving sponsorship rights with a Chinese sport:

“I want to sponsor China’s National Gymnastic Team, but I won’t be able to do so. You know, when I go to the sport administrative building, you can hear that all people are talking about Li-Ning. Moreover, once the Chinese people see (the) Li-Ning product or brand, they may see Li Ning’s face because they feel that Li-Ning is part of them.”

In many ways it is similar to Jordan and Nike’s “perfect fit” in America and the relationship between Li-Ning and Chinese gymnastics has become a euphemism for success between business and sport in China. In this case, the partnership was so strong and loyal that other firms could not penetrate the bonds. As a synergistic outcome of this relationship, the motivation of rewarding society usually generates relationship benefits that can be capitalised on. They then gain more extensive support from society, thereby helping the sponsoring corporation achieve greater competitive advantages.

Relationships, as with image and reputation, can be exploited and managed to achieve a position of competitive advantage. When entering a relationship, “the connection offers the parties an option on the future, opening new doors and unforeseen opportunities” (Kanter, 1994, p.97). In a sports sponsorship relationship, the benefits are that corporations can access new sports properties in a way that could not be achieved without such a connection. Having worked with the existing partners, corporations then seek to establish new relationships through the partners. A senior marketing executive of Pepsi who was interviewed exemplified this benefit:

“I agree that relationships are a resource, particular in the sports industry. For instance, athletes, teams or sports associations have various relationship networks; it may bring me a lot of additional resources if I can tie into one node of the network. In many cases, we have to contact a sports agency if we want to work with a player. If we could communicate well with player A, the sports agency would like to introduce B or C to Pepsi. I feel that relationship networks always work, particularly in the sports industry where core products are human-based.”
Sports sponsorship in China

The results discussed in this study show that forging partnerships is an important ingredient for creating profitability. Additionally, long-term commitment to sports sponsorship relationships is more beneficial than short-term transactions. This idea is supported by the findings of Chadwick (2002), whose research indicates that parties to a sponsorship contract are more likely to realise the full benefit of their agreement if they work together in alliances, join ventures and partnerships (p.257).

The results of this study also show clearly that the existing multiple relationships in sports sponsorship can form a network for a corporate sponsor. A successful sponsorship investment depends on how the interactive, dynamic and interdependent network relationships are managed. The management of this network is a strategic issue that must be handled with care.

With respect to the relationships with government, the executives interviewed from both international and domestic companies indicate that forging a relationship with government was a necessary step to make sponsorship activities work in China. The reason being that in China, the government agency that regulates sport (i.e. CSSGA) has dual roles as the governing body of sports and the owner of all sports-related properties. All corporate executives interviewed agreed that the relationships with government are a resource and they could positively affect the sponsorship outcomes. In other words, government intervention and assistance has a vital impact on the sports sponsorship industry in China. A marketing executive stated: "Establishing relationships with government is a crucial resource because government is most likely (to be) the sports property rights holder. As a result, it has a profound influence on the effects of sports sponsorship."

Perceived risks
In addition to the returns from sports sponsorship in terms of brand equity and relationship benefits, corporate sponsors also encounter numerous uncontrolled investment risks because "all parties in the exchange relationship face considerable uncertainty as they pursue their respective goals" (Copeland et al., 1996, p.33). The findings of this study suggest that the ‘inherent risks’ in sports sponsorship appear to be much more serious and complicated in China where sports sponsorship is in its infancy. The risks included poor execution, inadequate investment in leveraging, sports performance fluctuation, termination cost and opportunity cost.

Poor execution
Most of the corporate executives interviewed reported that poor execution of a sponsorship agreement was the primary risk that corporate sponsors encountered in China. The term ‘poor execution’ has two meanings. On the one hand, it can mean that sponsorship agreements could not be executed by the sports property. As such, corporate sponsors did not receive their contracted rights and concomitant benefits. On the other hand, it might also mean that the sports property (e.g. a team, player, event, etc.) was not able to obtain the promised sponsorship dollars due to sponsorship withdrawals and hence had difficulties in finding new sponsors or renewing their sponsorship agreements. The results of this study found several factors that contributed to this risk.

First, lack of trained professionals in sports sponsorship is one of the most fundamental reasons why there were so many poorly executed sponsorship agreements in China. The interviewees felt strongly that such a shortage resulted in the inadequate delivery of services while executing a sponsorship agreement. An example that illustrates the problem concerns a corporate sponsor (SINA) that found both obsolete and updated versions of its corporate logo displayed mistakenly side by side in the same venue.

Second, the corporate executives interviewed insisted that poor execution is often caused by policy changes in China. Basically, there is a lack of policy continuation because many sports officials are newly appointed. Such personnel frequently impose changes beyond the contracted arrangements of the
Sponsorship implementation after sponsorship agreements are signed. For instance, in early 2004, Hongta, the biggest state-owned tobacco manufacturer in China, suddenly withdrew its title sponsorship with one of the Chinese Soccer League (CSL) teams. This action also forced other sponsors of the team to terminate their sponsorship contracts. One senior executive of a British sports apparel company stated:

“We failed in our sponsorship with the team. Even though we had just signed a three-year contract, we had to terminate the sponsorship. The team was dismissed and all the players were sold. That was a big risk for us.”

Third, the lack of rules and policies to regulate and reinforce the execution of sports sponsorship is also problematic. Such problems sometimes forced sponsors to terminate their sponsorship agreements early. The fight over who owned the broadcasting rights of the CSL is a good illustration of those issues. Was the CCTV (state TV) or CSL the owner? Such uncertainty drove away many sponsors and was a serious barrier to new sponsorship agreements. Pepsi terminated its sponsorship contract with the CSL one year earlier than the contract expiry date because the CCTV suddenly stopped broadcasting CSL’s Division A tournaments in 2002 (Yang, 2005). Live broadcasts on CCTV were a key sponsorship right for Pepsi according to the terms of the contract.

The lack of experienced event management agencies who understand sponsorship activation, Chinese culture and its business context and administration bureaucracy were cited by interviewees as the major causes of poor sponsorship execution.

Inadequate investment in leveraging
In Chinese, leveraging is called ‘huohua zijin’ (activation money) and activation is termed ‘hudong yingxiao’ (interactive marketing). The corporate executives interviewed considered sponsorship leveraging as a crucial element that affects whether or not a sponsorship is successful. For example, one Canon executive stated:

“As a sponsor, buying advertising rights or naming rights is just the beginning of a sponsorship arrangement. It seems less effective if we stop at this level. The importance is how to exploit your benefits by using the chance that sponsorship provides after you become a sponsor.”

Such a result supports the published theory that “higher sponsorship leverage [is] related to greater perceived contribution to the financial value of the brand” (Cornwell et al, 2001, p.48) and offers empirical evidence that corporate executives in China have realised the importance of leveraging in sponsorship success. When the interviewees were asked “What is the approximate leverage investment ratio for each sponsorship (promotion cost vs. sponsorship fee)?” The answers provided were 2:1, 3:1, 5:1, and 10:1 or greater. The participants in this study, however, reported that one of the common problems in this area was that many firms sponsoring sport in China did not invest adequate funds in leveraging after they had procured the sponsorship rights.

In addition, the corporate executives reported that there were two major factors that could result in a sponsorship being under-leveraged. First was that sponsors regarded sponsorships as advertisements. They therefore thought that once they had paid the sponsorship fee, nothing more needed to be done. Consequently, they did not spend any more money nor make any further effort to market around the sponsorships. They simply waited for the desired returns. The second factor, a common phenomenon in China, was that sponsors simply did not know how to use integrated marketing to activate a sponsorship because they did not have the knowledge and experience of the sponsorship process.
Sports performance fluctuation

The participants in the study all maintained that a sponsored athlete’s or team’s performance could positively (or negatively) influence the effects of sports sponsorships. This supports the general perception of sports management professionals that good sporting performance attracts sponsorship investment. The better the athlete/team performs in competition, the greater the sponsorship value that is likely to be achieved. Therefore, sports performance fluctuation was viewed as an essential risk factor in the decision for corporations to become involved in sports sponsorship. Conversely, bad sporting performance might result in sponsorship withdrawals.

Moreover, the corporate executives interviewed were also concerned about negative news associated with the athletes/teams during the process of determining whether to enter or renew a sponsorship agreement with those athletes/teams. They were afraid that negative news might undermine their reputation. The corporate participants in the study regarded this risk as equally serious to that of poor execution.

Termination cost

The corporate executives interviewed maintained that termination costs were a crucial criterion when considering a sponsorship agreement in China because they viewed sponsorship as an investment. Some had previously terminated their sponsorships. Their motive supported Chadwick’s (2002) empirical perspective that “the cost of continuing their sponsorship (must outweigh) the cost of termination” (p.263). In other words, a common reason for sponsorship termination in China was that the financial uncertainty surpassed the sponsors’ projections on return of investment or objectives. As discussed previously, in some instances the termination of a sponsorship could result in a domino effect, forcing other sponsorship partners to quit. In Hongta’s case, the company invested RMB600 million (about US$100 million) but obtained less than RMB10 million (about US$1.6 million) in return (Shenzhen Daily, 2003).

Opportunity cost

The interviewees stated that opportunity cost was also a risk that investors should be concerned with in their sponsorship investments. Companies might think that they had an alternative decision, for example, ambush marketing, if they did not enter a sponsorship agreement, but this was not always a workable option. However, the study shows that, from corporate perspectives, the opportunity cost of a sponsorship deal in China appears to be relatively lower than that of other types of investment (e.g. manufacturing investment) because negative effects of sponsorship withdrawal were smaller than those of other investments in China. For example, the Guanghui executive interviewed indicated that withdrawal was easy if sponsors felt that they could not get the desired returns in their sports sponsorship.

Our analysis reveals the relationships between these benefits and risks perceived by corporate executives in sports sponsorship in China (Figure 2). The lack of trained professionals in sports sponsorship and frequent policy changes are viewed as the main reasons behind the poor execution of sports sponsorship in China. The government’s control of sports properties is a latent variable that could influence the outcomes of sports sponsorship relationships.

Cultural differences and sports sponsorship

Cultural differences were assumed to be serious barriers to realise mutual benefits in any business dealings. Surprisingly, all of the corporate executives of the international corporations who participated in the study indicated that cultural differences were minimal when entering sports sponsorship relationships in China. To adapt to the Chinese cultural environment, they implemented a variety of strategies. Examples include Kodak’s strategy of huanwei sikao (exchange position to think); Pepsi’s ‘win-win mentality’; Canon’s philosophy of ‘co-exist’ to melt all diversities into a
Corporate cultural pot and an international sport apparel corporation’s ‘localisation’ plan. The aim of these corporations includes both being a good Chinese corporate citizen and becoming part of China. Sponsoring sports is perceived as an effective way to reach their goals.

Conclusion

The sports sponsorship industry is relatively young in China. This study represents the primary step to seek a better understanding of the benefits and risks of sponsoring sport in China as perceived by corporate sponsors that have run sports sponsorships in the country. The major contribution of this study is that it confirms the conceptual framework established for the emerging Chinese market. In particular, it examines the perceptions of corporate executives in terms of how to use sports sponsorship as a strategic investment to obtain distinct resources to strengthen corporate competitive advantages. It also confirms that corporate sponsors view sports sponsorship as a strategic investment. Interviewees believe strongly that sports sponsorship helps to build not only brand equity, but also relationships, networks and alliances. Relationship is absolutely the most important element in business dealings in China, and as a result, relationship marketing strategies prevail in the Chinese sports sponsorship market. Forming partnerships with sports properties is an emerging trend in China, as corporate sponsors with progressive strategies want to nurture the emerging Chinese sports market and use the power of partnerships to create synergistic effects.

This study has three direct implications for corporations wanting to invest in sports sponsorship in

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**FIGURE 2** The benefits and risks of sports sponsorship as an investment in China

- **RISKS:**
  - Poor Execution
  - Inadequate Investment in Leveraging
  - Sports Performance Fluctuation
  - Termination Cost
  - Opportunity Cost

- **BENEFITS:**
  - Increase Brand Equity
  - Establish Long-Term Relationship
  - Build Strategic Alliance/Comparative Advantage

**SPORTS PROPERTIES IN CHINA**

**CORPORATIONS**

**SPONSORSHIP INVESTMENT**

**COMPARATIVE ADVANTAGE**

**CONTROL**

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Sports sponsorship in China

China. First, paying a fee to obtain sponsorship rights is only the first step of a long march. It requires professional skills to manage such investment in order to gain the desired returns. Leverage/activation is especially important when investing in sports sponsorship in China. The sponsorship fee is therefore just the tip of iceberg. There needs to be between two and 10 times more money invested in leveraging, than in the initial rights acquisition expenditure. Without such investment, the large sums spent on sports sponsorship could result in minimal returns.

Second, sports sponsorship is very much a strategic investment and needs a long-term commitment to sponsoring a sport in terms of offering cash, equipment, personnel and services as well as ideas based on the degree of involvement. Third, sports sponsorship can be a mutually beneficial strategy and should start with a mutual benefit mentality which can lead to win-win results. To realise their objectives, strategic partnerships are now increasingly common. This allows the parties to maximise mutual benefits and minimise potential risks. A primary task for companies that want to enter into sports sponsorship agreements is therefore to find a good partner. Leveraging relationships can help both the corporate sponsor and its partner(s).

As to whether cultural differences are barriers for international corporate sponsors in China, this study concludes that they are not a barrier among existing sports sponsorships. Basically, while corporations make inroads into the vast Chinese market by sponsoring sports, they must be aware of the potential risks, which could substantially undermine their investments. To realise competitive advantages in China, both integrated marketing and relationship marketing strategies should be applied to the execution of sports sponsorship agreements. Forging a solid partnership with sponsored sports is viewed as an ideal platform for corporate sponsors to activate their sponsorship investment.

Limitations and future study

The results of this study partially reveal how sports sponsorship works in China. It includes corporate sponsors’ concerns and perspectives on sports sponsorship implementation in China. It also raises some critical issues and barriers that hinder sports sponsorship in the country. Constraints on time and participant availability meant the study only interviewed a sample of 19 experts. Further research on the strategies of sponsorship partnership formation and the tactics of sponsorship implementation, with more comprehensive techniques, is recommended. A continued study of sports sponsorship theory, involving the development of scales for sponsorship relations such as sponsorship and media (e.g. internet companies), is also suggested. If qualitative methods are used in China for such data collection, it is recommended that participant observation and possibly actual audits are used along with in-depth interviews. Observations and audits could substantially enhance the methodological rigour and value of such a study.

Biographies

Xinquan Yang is a doctoral candidate in leisure and sports management at the School of Human Kinetics at the University of British Columbia. Her research interests include sports sponsorship, partnership, Chinese immigrant women and sport and Olympic sustainability.

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The international trade of players in European club football: consequences for national teams

Keywords
international trade of players
European club football
foreign players
impacts on national teams

Executive summary
This case study analyses some of the effects of the international trade of players in European club football and particularly the consequences for national teams, both the importing and exporting nations. Analyses based on FIFA rankings do not indicate that the growth in the import of foreigners has had a negative impact upon the national teams in the most successful footballing nations. This does not correspond with the idea that foreign players are to blame for the lack of success of a national team – a commonly held attitude among English football fans. Indeed, for England, the correlation coefficient indicates that the opposite effect is more likely, namely that the national team has benefited from importing foreigners to the English Premier League (EPL). During the 2006-07 season 42% of the EPL players were foreigners, assuming players from Scotland, Wales, Northern Ireland and Ireland be counted as ‘English’. If the latter group had been registered as foreigners, the proportion would increase to 62%. In all of the top four teams (Arsenal, Chelsea, Liverpool and Manchester United), the proportion of foreigners exceeded 50%.

Abstract
The international trade of players in European club football does not seem to have had any negative effects on the national teams in the major leagues. Data presented in this article indicate a potentially positive effect for England and no effect for Spain, Italy and Germany. Contrary to this, the national teams in Norway, Greece and France seem to have benefited from exporting players to leagues of better quality than their own domestic leagues.
One explanation for this could be that foreign players have improved the learning environment for the English players – i.e. for those who have not been displaced from their clubs. The import of foreigners has enabled them to play with, and against, more talented players than would otherwise have been possible. This, in turn, may have improved their quality as players.

The analyses did not reveal any effects, either positive or negative, for national teams in the other major European football nations, i.e. Spain, Italy and Germany. The data indicates that the national teams in Norway, Greece and even France have benefited from exporting their best footballers to the leagues in the major nations, according to the FIFA ranking. The most likely reason for this is that players from these nations have improved by moving to clubs operating in leagues where the learning environment is better than at home. In turn, this may have benefited their respective national teams.

Introduction

The international trade of players in European club football is well established. It involves both import from other continents and the movement within Europe of European players. These developments have also influenced from which domestic clubs the national teams recruit their players.

Until the mid-1990s the majority of European internationals played for clubs in their own domestic leagues. Since the start of the 21st century this pattern has been dramatically altered, with football players moving across borders in much the same way as other imports and exports.

Many in the ‘football family’ have not been happy with this development, mainly through fear that foreigners will displace local talent and thereby reduce the quality of the national team. Sepp Blatter, FIFA president, has argued for introducing an article in a new EU treaty to allow quotas on foreign footballers. Trevor Brooking, the former England international, who by 2007 was the English Football Association’s director of development, has expressed similar views. Brooking suggests the growing number of foreign players in the Premier League has deprived domestic talent of first-team football, which, in turn, has had a detrimental effect on England’s chances of being successful in major tournaments (Slater, 2007): “The national team has to be under threat – the numbers show that. I don’t think you can underestimate it. It’s a major concern.”

Norway’s national team coach, Åge Hareide, has expressed similar concerns: “The development is unfortunate. When young players are disallowed from playing, this will reduce the quality of the national team” (Vik & Mørseth, 2007).

Grassroots football fans have also expressed their concerns. Among English fans, 59% feared that the influx of foreign stars to the Premier League had had a negative impact on the national side, according to The Football Fans Census (Payne, 2007). This corresponds with the results of a survey conducted by Sky News, where the majority blamed the Premier League’s foreign legion as the major cause for England being dumped out of the European Championships (Bowden, 2007).

Michel Platini, UEFA president, has expressed a different view and instead supported the European Commission’s principle of free labour movement within the EU, which allows European soccer players to seek employment wherever they want among the 27 nations (Associated Press, 2007).

This case study focuses on the consequences of the developments discussed above, with special attention given to national teams in both the import and the export nations. It provides an overview of developments since early in the 1990s and goes on to discuss whether the import/export of footballers has had an effect on the quality of national football teams.
The international trade of inputs

In this paper, football players are regarded as inputs to the production of football games. The presence of foreigners in European club football is not a new phenomenon. For several decades clubs in Portugal and Spain have imported Latin American players. Nevertheless, the rate of import was relatively moderate before the mid-1990s (see Tables 1 and 2). By the start of the 21st century, foreigners were moving from all over the world, including from other European nations. Table 3 shows the native countries of foreign players in the major five European leagues. It reveals that English and German clubs recruited the largest contingent from other European nations; Italian and Spanish clubs preferred Latin Americans; and French clubs preferred Africans.

As shown in Table 2, foreign players were in a majority in several clubs. The English Premier League (EPL) had the highest proportion (62%) during the 2006-07 season, assuming the players from Scotland, Wales, Northern Ireland, and Ireland were registered as non-English (Table 2). If the latter were registered as English, the proportion was reduced to 43% (Table 1). Of the 10 European clubs with the highest proportion of foreign players, seven were English. In England, Italy and Spain, the top clubs had a higher proportion than other clubs – a pattern that was not replicated in France, Germany and the Netherlands.

The most talented players have moved directly to the best clubs in the top footballing nations. Those further down the ‘quality ladder’ have moved to lower-rated clubs in these leagues or to clubs outside the top five.

### Table 1 Percentage of foreign players in European football leagues

<table>
<thead>
<tr>
<th>SEASON</th>
<th>ENGLAND</th>
<th>ITALY</th>
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<th>NETHERLANDS</th>
<th>NORWAY</th>
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<td>12.4</td>
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Source: http://www.footballsquads.co.uk
### TABLE 2 Percentage of foreign players in some leading clubs

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</tr>
<tr>
<td>VÅLERENGA</td>
<td>NORWAY</td>
<td>13</td>
<td>26</td>
</tr>
</tbody>
</table>

Retrieved 15 October 2007 from: http://www.eufo.de

For the Dutch clubs, the figures in the latter column are from the 2006-07 season.
The export of outputs

Over the years, this international trade has also involved output – including television programmes, merchandising and sports tourism. At the beginning of the 21st century, the most popular European leagues were broadcast on television worldwide. The commercial value of this export has grown considerably, with the English, Spanish and Italian leagues being the most valuable assets.

Tables 3 and 4 illustrate that the revenues from the output markets show no correspondence with the geographical distribution of foreign inputs. The EPL recruited 69% of its foreign players from Europe (mainly Western Europe), but earned only 24% of its overseas TV rights from this market. Asia was the most important output market, accounting for 55% of its total overseas TV rights, but only a small proportion of foreign players were recruited here. Similar discrepancies characterise the Spanish and Italian leagues. The majority of the foreigners in these two leagues came from Latin America; the rest of Europe was their most important international TV market.

Table 5 reveals significant differences in the valuation of foreign leagues versus domestic leagues. The Italians and the Dutch were only moderately interested in overseas leagues and particularly in the Italians. This was different in Scandinavia, Australia, Korea and China, where overseas leagues attracted considerable attention. According to an internet survey, 83% of Chinese football fans preferred watching matches from the EPL to those from the China Super League (CSL) (China Daily, 2005). This pattern was also reflected in commercial values. In China the EPL TV rights exceeded those of the CSL by more than 500% (ibid.). By 2004, the EPL was also the most watched sport in Malaysia, Thailand and Singapore (Webb, 2004). In Scandinavia, the aggregate EPL

TABLE 3 Distribution of foreign players (%) in the ‘major five’ European leagues

<table>
<thead>
<tr>
<th></th>
<th>ENGLAND</th>
<th>FRANCE</th>
<th>GERMANY</th>
<th>ITALY</th>
<th>SPAIN</th>
</tr>
</thead>
<tbody>
<tr>
<td>WESTERN EUROPE</td>
<td>57.8</td>
<td>12.4</td>
<td>34.3</td>
<td>23.5</td>
<td>30.8</td>
</tr>
<tr>
<td>EASTERN EUROPE</td>
<td>10.8</td>
<td>13.0</td>
<td>28.2</td>
<td>18.6</td>
<td>7.7</td>
</tr>
<tr>
<td>LATIN AMERICA</td>
<td>7.1</td>
<td>27.9</td>
<td>20.1</td>
<td>43.7</td>
<td>55.7</td>
</tr>
<tr>
<td>AFRICA</td>
<td>11.9</td>
<td>46.2</td>
<td>8.0</td>
<td>9.8</td>
<td>4.7</td>
</tr>
<tr>
<td>OTHER</td>
<td>12.4</td>
<td>0.5</td>
<td>9.4</td>
<td>4.4</td>
<td>1.1</td>
</tr>
</tbody>
</table>


TABLE 4 Overseas TV right fees (€ million) - 2007-08 season

<table>
<thead>
<tr>
<th></th>
<th>ENGLISH PREMIER LEAGUE</th>
<th>SPANISH PRIMERA LIGA</th>
<th>ITALIAN SERIE A</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMERICA</td>
<td>15.5</td>
<td>18.7</td>
<td>12</td>
</tr>
<tr>
<td>ASIA/OCEANIA</td>
<td>170.5</td>
<td>25.3</td>
<td>27</td>
</tr>
<tr>
<td>EUROPE</td>
<td>74.4</td>
<td>49.5</td>
<td>47</td>
</tr>
<tr>
<td>MIDDLE EAST / AFRICA</td>
<td>49.6</td>
<td>17.6</td>
<td>14</td>
</tr>
<tr>
<td>TOTAL FEE</td>
<td>310.0</td>
<td>110</td>
<td>100</td>
</tr>
</tbody>
</table>

CASE STUDY

International trade of players

International trade of players

The national rights for Scandinavia include Norway, Sweden and Denmark, while the EPL rights also include Finland. The EPL rights for Australia also include New Zealand.


**TABLE 5** TV rights national premier leagues and English Premier League (EPL) - 2006-07 season (US$ million)

<table>
<thead>
<tr>
<th>Country</th>
<th>Domestic Elite League (DL)</th>
<th>English Premier League (EPL)</th>
<th>EPL/DL (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Italy</td>
<td>568</td>
<td>8.9</td>
<td>2</td>
</tr>
<tr>
<td>Netherlands</td>
<td>71.3</td>
<td>4.7</td>
<td>7</td>
</tr>
<tr>
<td>Scandinavia</td>
<td>54.9</td>
<td>39.4</td>
<td>72</td>
</tr>
<tr>
<td>Japan</td>
<td>42.5</td>
<td>12.0</td>
<td>28</td>
</tr>
<tr>
<td>Australia</td>
<td>7.5</td>
<td>7.3</td>
<td>97</td>
</tr>
<tr>
<td>Korea</td>
<td>5.6</td>
<td>8.3</td>
<td>148</td>
</tr>
<tr>
<td>China</td>
<td>3.8</td>
<td>20.0</td>
<td>526</td>
</tr>
</tbody>
</table>

The national rights for Scandinavia include Norway, Sweden and Denmark, while the EPL rights also include Finland. The EPL rights for Australia also include New Zealand.


Due to changes in methodology, we have only used the teams’ rankings, not their points, as a measurement of performance. Note also that the lower ranking number a team has, the better its performance has been.

We have registered the clubs which internationals have played for since January 1993 (and from May 1994 for the Czech Republic). Furthermore, we have only included matches in the FIFA World Cup and the UEFA Championship (including qualifying matches) when registering players and their clubs.

The data relating to which clubs the internationals played for was almost complete for the period 1993 to 2007. Unfortunately, we were not this successful in attempting to gather data on the number of foreigners in the domestic leagues for the entire period. The exception was for England, where records go back to 1993 for both variables, and Italy, where the information on foreign players goes back to 1994. For the other nations (except Spain and the Czech Republic), the data on foreign players in domestic leagues only go back to the first years of 2000. For Spain, there is no data on which clubs the internationals played for, while for the Czech Republic, there is no data on foreigners in the domestic league.

Data collection

The data in this case study were collected from France, England, Norway, Greece, Italy, Spain, Germany, the Netherlands and the Czech Republic. The FIFA world ranking of national teams at the end of the calendar year indicates how successful national teams have been. In this system, teams are ranked on the basis of their results against other FIFA-member teams, and points are awarded based on the results of FIFA-recognised international matches. Originally, the rankings were based on a team’s performance in the previous eight years. Since 2006, the period has been reduced to four years, with more recent results and more significant matches being more heavily weighted to better reflect the current competitive state of a team (see www.FIFA.com).
International trade of players

Results

France (see Table 6A; Figure 1)

France won the 1998 World Cup and Euro 2000 and finished runners-up in the 2006 World Cup. These successes were reflected in the FIFA ranking. France was rated first from May 2001 to June 2002. From August 1998 to May 2005 it was never lower than fourth. In the first years of the 1990s, the majority of the French internationals played for French clubs. Since then, the pattern has changed and the majority have moved abroad, mainly to clubs in England, Spain and Italy. The correlation coefficient indicates that the national team has performed better the more players it has recruited from foreign teams. The direct effect (FIFA ranking the same year as the registrations of the player distribution) is significant at the 0.01% level, while the lag effect (year t+1) is significant at the 0.05% level.
England (see Table 6B; Figure 2)
England’s all-time low on the FIFA ranking was in 1996, when it was number 27. The all-time highs were in February and December 1997, and in September 2006, as number four. Table 6B indicates a positive correlation between the percentage of foreigners in the EPL and the FIFA ranking of the English national team. The same applies to the FIFA ranking the year after the registrations of the foreign players. The overwhelming majority of English internationals have played in the EPL, and the few exceptions have played for clubs in Spain, Germany and Italy.

Norway (see Table 6C; Figure 3)
Norway’s all-time high on the FIFA ranking was its rating as second in October 1993 and July/August...
1995. Since then, Norway has fallen down the ladder, with a ranking of 52 in July 2006 as the all-time low. The correlation coefficient indicates that the national team has performed better the more its internationals have played for foreign teams. The teams in the 1994 and 1998 World Cup finals and in Euro 2000 recruited 68%, 86% and 68% respectively of their squads from foreign teams. Figure 3 illustrates that the foreign percentage in the Norwegian league has grown. Due to a shortage of data, it was impossible to confirm any correlation between this development and the performance of the national team.

Greece (see Table 6D; Figure 4)
Greece’s all-time low was a ranking of 66 in September 1998; its all-time high was in April/May
2005, when it was ranked 12th. The national team’s victory in Euro 2004 was the highlight. Greece has also performed better as more of its internationals have played for foreign teams. This pattern is confirmed by the correlation coefficients where the direct effect is significant at the 0.05% level, while the lag effect is significant at the 0.01% level.

The Netherlands, Germany, Italy, Spain and Czech Republic
For the Dutch team (see Table 6H) there is no significant correlation between its FIFA ranking and the proportion of internationals at foreign clubs. Unfortunately, we had insufficient data to conduct any statistical tests on the relationship between the

---

**FIGURE 4** Greece FIFA rank, percentage of foreigners in the domestic in domestic league, internationals playing for domestic teams

**TABLE 6D** Correlations - Greece

<table>
<thead>
<tr>
<th></th>
<th>FIFA RANK</th>
<th>FIFA RANK YEAR t+1</th>
</tr>
</thead>
<tbody>
<tr>
<td>FOREIGNERS %</td>
<td>-0.393</td>
<td>-0.216</td>
</tr>
<tr>
<td>SIG. (2-TAILED)</td>
<td>0.512</td>
<td>0.728</td>
</tr>
<tr>
<td>N</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>NATIONAL PLAYERS AT HOME TEAMS</td>
<td>0.553*</td>
<td>0.691**</td>
</tr>
<tr>
<td>SIG. (2-TAILED)</td>
<td>0.032</td>
<td>0.006</td>
</tr>
<tr>
<td>N</td>
<td>15</td>
<td>14</td>
</tr>
</tbody>
</table>

**Correlation is significant at the 0.01 level (2-tailed).  *Correlation is significant at the 0.05 level (2-tailed)**
### TABLE 6E Correlations – Italy

<table>
<thead>
<tr>
<th></th>
<th>FIFA RANK</th>
<th>FIFA RANK YEAR t+1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FOREIGNERS %</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>.088</td>
<td>.029</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.775</td>
<td>.930</td>
</tr>
<tr>
<td>N</td>
<td>13</td>
<td>12</td>
</tr>
<tr>
<td><strong>NATIONAL PLAYERS AT HOME TEAMS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>-.102</td>
<td>-.213</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.718</td>
<td>.445</td>
</tr>
<tr>
<td>N</td>
<td>15</td>
<td>15</td>
</tr>
</tbody>
</table>

### TABLE 6F Correlations - Spain

<table>
<thead>
<tr>
<th></th>
<th>FIFA RANK</th>
<th>FIFA RANK YEAR t+1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FOREIGNERS %</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>.361</td>
<td>-.110</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.226</td>
<td>.733</td>
</tr>
<tr>
<td>N</td>
<td>13</td>
<td>12</td>
</tr>
<tr>
<td><strong>NATIONAL PLAYERS AT HOME TEAMS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
<tr>
<td>N</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
</tbody>
</table>

### TABLE 6H Correlations – Netherlands

<table>
<thead>
<tr>
<th></th>
<th>FIFA RANK</th>
<th>FIFA RANK YEAR t+1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FOREIGNERS %</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>-.430</td>
<td>-.558</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.215</td>
<td>.119</td>
</tr>
<tr>
<td>N</td>
<td>10</td>
<td>9</td>
</tr>
<tr>
<td><strong>NATIONAL PLAYERS AT HOME TEAMS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>.268</td>
<td>.532</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.354</td>
<td>.062</td>
</tr>
<tr>
<td>N</td>
<td>14</td>
<td>13</td>
</tr>
</tbody>
</table>

### TABLE 6I Correlations - Czech Republic

<table>
<thead>
<tr>
<th></th>
<th>FIFA RANK</th>
<th>FIFA RANK YEAR t+1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FOREIGNERS %</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
<tr>
<td>N</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
<tr>
<td><strong>NATIONAL PLAYERS AT HOME TEAMS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>.392</td>
<td>.029</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.166</td>
<td>.925</td>
</tr>
<tr>
<td>N</td>
<td>14</td>
<td>13</td>
</tr>
</tbody>
</table>
International trade of players

proportion of foreigners at Dutch clubs and the performance of the national team. Neither for Germany (see Table 6G) nor for Italy (see Table 6E) did we find any correlation between the FIFA ranking and any of the other variables. Both national teams have mainly recruited their players from their own domestic league.

The Italian Serie A increased the proportion of foreigners from 12% in 1995-96 to 36% in 2007-08 (see Table 1). In the German Bundesliga, the proportion increased from 41% in 1998-99 to 52% in 2007-08. The proportion of foreigners in Spain’s Primera Liga grew from 21% during the 1995-96 season to 39% during 2007-08. However, there are no indications of a correlation between this growth and the performance of the Spanish national team (see Table 6F). Unfortunately, we do not have data on the distribution of Spanish internationals on domestic and foreign teams. The same pattern applies to the Czech Republic (see Table 6I), where our data did not unveil any correlation between the export of internationals and performance of the national team.

Discussion

The success of a national team will, of course, be influenced by a wide range of factors, not only which clubs the players play for on a daily basis. However, there can be no doubt that the most basic factor is the talent of a player. Although, for example, the coach is of importance, even the most brilliant coach is unable to conjure up a successful team of untalented players.

The production process for a football team falls into the category of team production. In this context, the term team production refers to production processes that have the following characteristics (Alchian & Demsetz, 1972):

1) Several types of resources are used.
2) The product is not a sum of separable outputs of each cooperating resource. An additional factor creates a team organisation problem.
3) Not all resources used in team production belong to one agent.

In this context, the player represents the inputs in the team’s production of output. In general, the productivity of an input refers to its effectiveness in the production process, for example the quantity of output per unit of input, which is the average productivity. Furthermore, due to the second characteristic, the inputs are not independent of each other. Let us assume that Y is the output, while X represents the inputs (the 11 players). Then, the relationship between the inputs and the output can be expressed as follows in mathematical terms:

1. \[ Y = f(X_1, X_2, \ldots, X_{11}) \]
2. \[ \frac{\partial^2 Y}{\partial X_i \partial X_j} \neq 0 \]

If we replace \( \neq \) with \( > \) in formula 2 (which is a suitable characteristic in a football context), this means that there is a complementary relationship between the inputs. If one player becomes more talented, this will improve the productivity of his teammates. The productivity of a football player, however, is not a homogeneous concept. Therefore, no common method exists for how to measure his productivity.

A player’s productivity in a team will depend on a number of qualities, such as the ability to score goals, send and receive passes, react quickly and technical skills, among others. The importance of these qualities will vary, depending on the player’s position in the team. In general, these (and other) qualities will be influenced by the daily milieu in which the player operates, i.e. his club and the league to which it belongs. The better the team-mates and the opponents, the better the ‘learning environment’ to cultivate these qualities. Hence, if a player moves to a club and league that is of better quality, this can improve that player’s quality so that the national team also benefits.

In Europe, the leagues in England, Spain, Italy and Germany have been of the best quality, according to
the performances in the UEFA Champions League – see Table 7. Together, they had 79% of the quarter-
finalists, 73% of the semi-finalists and 84% of the
finalists between 1994-95 and 2006-07. These
leagues have also earned the lion’s share of the
revenues in European club football, a pattern that has
been documented by Deloitte’s annual football review
reports (Deloitte, 2007).

If foreigners displace all domestic talent to lower
divisions, then the national team will be negatively
affected. The consequences of a moderate import,
however, are more complicated. If foreigners are more
talented than the displaced domestic players, then the
quality of the domestic league will improve. This, in
turn, will improve the learning environment for those
who keep their places. They will play both together with
and against more talented team-mates and opponents,
compared to a situation where there is no import. This
also applies to imported players, assuming that their
new club (and league) has more talented players than
their former club/league. This assumes there are quality
differences between the leagues in the importing and
exporting nations. If not, the players would be unlikely
to improve by moving back and forth.

Only for England did we uncover a relationship
between the growth in the number of foreign payers
and the performance of the national team. The
correlation coefficient indicates a positive relationship.
This does not support the idea that the foreigners in
the EPL are to blame for the lack of success of the
English national team. One explanation for this could
be that the English talents have improved through
playing with foreigners who were more talented than
the domestic players they displaced. Although local
players have been displaced, during the 2006-07
season about 100 players in the EPL were English.
For them, the learning environment ought to have
been better than if there had been no imports.

England also failed to qualify for the World Cup
finals in 1974, 1978 and 1994, and at that time the
EPL hardly had any foreigners from outside the British
Isles. The majority of English internationals have
played for domestic clubs since the FIFA ranking was
launched. The few exceptions have played for clubs in
Spain, Italy and Germany, which are of about the
same quality as the English clubs.

A different pattern was uncovered for France, Greece
and Norway, all of which have performed better the
more their internationals have played for foreign
teams. One reason for this could be that players have
improved by moving to leagues of better quality than
their home leagues. This certainly applies to the
Norwegian league, which is not of the same quality as
the leagues in the major European football nations.

**TABLE 7 Distribution of teams in UEFA Champions League 1994/95 – 2006/07**

<table>
<thead>
<tr>
<th>Country</th>
<th>Quarter-Finals (%)</th>
<th>Semi-Finals (%)</th>
<th>Finals (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ITALY</td>
<td>17</td>
<td>23</td>
<td>27</td>
</tr>
<tr>
<td>SPAIN</td>
<td>22</td>
<td>23</td>
<td>23</td>
</tr>
<tr>
<td>GERMANY</td>
<td>13</td>
<td>10</td>
<td>19</td>
</tr>
<tr>
<td>ENGLAND</td>
<td>18</td>
<td>21</td>
<td>15</td>
</tr>
<tr>
<td>NETHERLANDS</td>
<td>6</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>FRANCE</td>
<td>8</td>
<td>8</td>
<td>4</td>
</tr>
<tr>
<td>PORTUGAL</td>
<td>5</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>GREECE</td>
<td>4</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>OTHERS</td>
<td>7</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Greece improved its FIFA ranking during the first years of this century, a period in which the proportion of Greece’s internationals playing for foreign clubs grew. The correlation coefficients indicate that even France may have benefited from exporting players. It won two international championships and finished once as runner-up since 1998. Although French clubs have performed quite well in the UEFA Champions League, they have not been as successful as clubs from Italy, Spain, England and Germany. The majority of French internationals have played for clubs in these nations since the late 1990s.

The correlation coefficients did not indicate any effects for the Netherlands and the Czech Republic, both having been quite successful in the past two decades. However, the proportions of their internationals playing abroad have been high, and stable, so this in itself made it difficult to measure whether the export of domestic talents had had any effect on the national teams.

Conclusion

To summarise, our findings do not indicate that the national teams in the major football nations have suffered through importing foreigners. Indeed, the opposite effect seems to be likely for England, while no effects were revealed for Italy, Spain and Germany. On the other hand, the national teams outside the top leagues may have benefited from exporting their internationals to these leagues.

This movement of players can also influence the commercial values of clubs and national teams. In general, sponsors want to maximise attention for themselves and their products. The better the players and the national team perform, the more sponsors will be willing to pay to be connected to them. Furthermore, if players are recruited by special popular teams, this can in itself provide more attention in the media and hence also benefit their respective national teams. Two examples of this are the Norwegian internationals Ole Gunnar Solskjær and John Arne Riise, who for several years played for Manchester United and Liverpool respectively. Not only did they improve as football players by playing for two of the best clubs in the world, they also generated more attention for the Norwegian national team.

Finally, some comments on data and methodological issues. The fact that the trade of football players really only took off in the 1990s means that the data available is limited. This reduces our ability to conduct more sophisticated statistical analyses. Therefore, the statistical measurements only consist of computation of correlation coefficients. However, where no correlation existed, then there would be no reason to continue, for example, with multiple regression analysis. Furthermore, a team’s FIFA ranking is based on its performances over the previous four years (or the past eight years until 1999), while we have used the end-of-year ranking in one alternative and the following year in the second alternative. This, of course is a methodological shortcoming. However, the fact that the two sets of results correspond does indicate some stability. Hence, the method is acceptable for our main purpose: to question whether the international movement of players had had negative effects on the national teams.

This case study is explorative in character. To our knowledge it is one of the first analyses of this issue. Therefore, other researchers are invited to take up the baton and produce analyses of this and related issues. We acknowledge that the issues investigated in this paper are complicated and that the performances of national teams are influenced by many other factors than whether its internationals play for domestic or foreign clubs. Therefore, future research should also analyse other factors beyond the limits of our research.
Biographies

Harry Arne Solberg is Professor of Economics at Trondheim Business School at Sør-Trøndelag University College, Norway. He has published a number of articles in the field of sports economics and sports management – with particular attention to the economics of sporting events and sports broadcasting. In 2007, with professor Chris Gratton, he published the text book The Economics of Sport Broadcasting. Solberg is a member of the editorial boards of the International Journal of Sport Finance and European Sport Management Quarterly. He is also a regular reviewer for several other journals.

Kjetil K. Haugen is Professor of Logistics at Molde University College, Norway, and holds academic positions in the Norwegian University of Science and Technology. He graduated with an MSc in operations research in 1984 and earned a PhD in computer science in 1991 from the Norwegian University of Science and Technology. He has held various research administrative positions at SINTEF in Trondheim and More Research, Molde. His current interests include sports economics (mainly soccer) and he is a solid supporter of Molde Fotballklubb, the smallest city ever to have a team in the Champions League.

References


In April 2006 a conference was held in Spain to celebrate the 50th anniversary of Rottenberg’s famous paper ‘The Baseball Players Labor Market’. This paper, published in the Journal of Political Economy, was the first to apply economic analysis to sport and it included two key arguments. First, for sports leagues to be successful, there must be limited variations in quality between the teams. Second, labour market restrictions, such as the reserve clause, would have no impact on the final distribution of players among teams. The book is a collection of essays that followed on from the conference presentations.

According to the editors, the two key aims of the conference (and, I assume, the book) were to introduce the economic issues involved and consider some advances in academic work in this area.

The book comprises 10 essays, the first being Noll’s examination of the earliest journal articles published on the economics of sport. The key points from six academic papers published between 1956 (Rottenberg’s paper) and 1971 are neatly summarised. The end point of 1971 was chosen because that was when the Brookings Institution sponsored the first conference on the subject. After the conference, academic literature began to grow more rapidly and Noll’s essay provides a good summary of such early work.

The editors state that the next eight papers can be grouped into three core themes, starting with the role of public policy towards sport. Both papers in this section are accessible to readers with only a limited knowledge of economic theory. A paper by Baade considers the rapid expansion in sports stadium construction that took place in the USA in the past 20 years. The economic case for using public money to build these stadiums is analysed and questioned. Kesenne’s paper focuses on the rationale for, and the most efficient way of, using public money to encourage participation in recreational sports. Both papers are particularly enjoyable because the academic literature in economics has tended to focus on professional team sports. It is interesting to see economic theory applied to different aspects of the sports industry.

The next four papers are grouped under a more traditional theme: the economic analysis of professional sports.

The essay by Fort compares and contrasts theories developed to analyse talent markets in North American and European sports leagues. The three key areas examined are: owner objectives, cooperative versus non-cooperative owner behaviour, and optimal levels of competitive balance. Kahane’s paper focuses on the National Hockey League in the US and the events leading up to the cancellation of the 2004-05 season.

Frick’s paper is an empirical piece of work on the labour market for footballers in Germany. Data on players from the Bundesliga are used to estimate the
determinants of individual player salaries, the relationship between team wage bill and team performance and the relationship between variable pay and team performance. One interesting finding is that foreign players earn no less, and often more, than similar German players. The opposite has often been found in the US literature.

Another empirical piece of work, by Garcia, examines demand for Spanish first-division football matches. Interestingly, the paper focuses on television audiences rather than live attendance. A probit model is used to estimate the factors that determine the size of a television audience for a particular match, and the broadcaster’s choice of game to screen.

The essays in the second section are much more varied. The paper by Fort is more technical than the other articles and less accessible to people without a background in the subject. The empirical papers by Garcia and Frick include the results from econometric analysis but are written in such a way that the key points can be understood without in-depth knowledge of the statistical methods used. The paper by Kahane is descriptive and requires no prior knowledge of economic theory.

Two essays were grouped under a third theme of European football. The paper by Gerrard analyses the relationship between sporting performance (as measured by the points ratio) and payroll costs in the FA premier league. Gerrard argues that this so-called ‘win-wage relationship’ is more complicated than is often argued. An interesting comparison of the relative performance of Arsenal and Manchester United is made to illustrate the point. The paper by Szymanski outlines some of the key changes in European football over the past 50 years. In particular, trends in attendance, revenue and competitive balance are analysed. Prospects for the future are discussed, including the creation of a closed European league with no relegation and promotion.

I found the splitting of the six papers into these two areas arbitrary. The four papers placed under the second theme (economic analysis) include two essays that focus on aspects of the European football market. The two papers grouped under the third theme (European football) include some discussion of factors that are part of the standard analysis of professional team sports – i.e. uncertainty of outcome. Both Frick and Gerrard’s essays analyse the ‘win-wage relationship’ in soccer but are categorised under different themes. All six essays could have been placed under a heading ‘The economics of professional team sports’.

The final paper by Sloane is an evaluation of Rottenberg’s article and the development of sports economics over the past 50 years. This essay provides an excellent and very accessible summary of some of the key debates that have developed. Topics such as the invariance principle, the uncertainty of outcome and owner objectives are discussed.

A final minor criticism is that the introduction to the book provides a brief outline of the presentations given at the conference rather than the essays in the book. In one case, the published essay appears to be somewhat different from the topic of the conference presentation. However, such criticisms are fairly minor. The papers published here provide an excellent introduction and offers an overview of sports economics that includes some of the leading scholars in the field. Some papers are written in a very accessible style and provide an ideal starting place for people with no background in sports economics.

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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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