Measuring the Return on Sponsorship Investments at Major Recreation Events

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ABSTRACT: Effectiveness of sponsorship investments can be measured at the message channel, consumer reception, or consumer sales purchase stages of the communication process. Evaluations undertaken at later stages in the process are more convincing than those at earlier stages, because the ultimate goal of sponsorship is to increase sales. Five types of sponsorship effectiveness evaluations are discussed. They measure exposure, and the impact of the sponsorship on product awareness, image, intent-to-purchase, and sales. The strengths and limitations of each approach are discussed and examples are presented.

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In the past, many companies’ measures of the effectiveness of their sponsorship of major recreation events have been cursory and over-simplistic. However, as both the dollar value of sponsorship investments and its proportion of companies’ marketing budgets have grown, the demands for valid evidence demonstrating the effectiveness of sponsorship have increased commensurately. The pressures were illustrated by General Motors’ director of consumer influence operations who stated: “If cuts in our ad budgets are made, the first thing to go is events sponsorship, because nobody knows for sure what they are getting” (Penzer 1990:162). This statement suggests it is particularly important for sponsors to be able to quantify and justify their investment, if it is perceived to be an alternative to advertising.

From the perspective of a recreation agency trying to sell a major sponsorship, it is important that measurement audits be included in the sponsorship package that is presented. The individual who ultimately commits to investing a company’s resources in sponsorship of a recreation event is likely to be required to justify that investment to those in the company to whom he or she reports. Without this evidence, subsequent support from the company may not
be forthcoming. Hence, it is in the recreation agency’s best long-term interest to encourage sponsorship measurement audits. These are likely to be more credible if they are done by an external consulting organization, rather than done internally. This demand for impartial evaluation of sponsorship effectiveness has created a niche for companies that specialize in doing such assessments.

The type of measurement used to evaluate sponsorship should be governed by its objectives. If these are clearly specified, then the best measure to assess the extent to which they are met can be selected. This emphasizes the importance of establishing objectives in terms which can be measured before the sponsored event occurs, not after it is over. Even if this is done, however, there are several factors that make it challenging to assess the impact of sponsorship investments. These include (Meenaghan, 1983):

(1) *The simultaneous use of other communications mix variables.* Since sponsorship of major events is usually used in conjunction with other components of promotion, it is difficult to isolate its unique impact. Even if other promotional tools are not being used simultaneously, there is likely to be some carry-over effect from previous marketing communications’ efforts which make it difficult to isolate the impact of sponsorship.

(2) *Uncontrollable environmental factors.* Changes in sales levels may be attributable to environmental changes rather than the sponsorship. For example, an increase or reduction in the intensity of competitive effort, or varying levels of discretionary income as a result of changes in economic conditions.

(3) *The pursuit of multiple objectives.* Sponsors often seek multiple benefits from their investment, which means that a variety of measurement methods may be required to assess effectiveness of the sponsorship.

**Linking Sponsorship to the Communication Process**

The process through which companies seek to communicate a message to individuals in their target market through sponsorship, is shown in Figure 1. The sponsor codes messages into a transmittable form (or arranges and locates those messages so the media will incidentally transmit them). The form may include written captions, company or brand name, logo, or verbal material. The coded message is transmitted by print media, broadcast media, or personal contact. For communication to occur, the message has to be received, interpreted and absorbed by individuals in the target market. The ultimate goal of a total communications strategy is to generate sales, and a company’s expectation is that its sponsorship strategy ultimately will contribute to that end.

An intervening variable shown in the model is noise. Noise consists of other stimuli or communications which compete for the intended receiver’s attention. A message from a sponsoring organization to its target market is subject to the influence of extraneous noise and distracting stimuli that interfere with communication of the message. This noise may distort or distract attention from the transmission or reception of the message at any stage in the process. It may prevent the message from being received by members of the target market, or it may lead to them interpreting it differently from the way the sponsor intended.
Figure 1
Stages in the Communication Process at Which Sponsorship Effectiveness is Measured

MESSAGE CHANNEL
print media
television
radio
personal contact

MESSAGE
written captions
company or brand name
logo
verbal cues

RECEPTION
Received and interpreted
by individuals in the target market

SALES PURCHASE ACTION
by individuals in the target market

FEEDBACK
satisfactory or
unsatisfactory results

NOISE

TYPE OF SPONSORSHIP EFFECTIVENESS EVALUATION

MEDIA EXPOSURE MEASURES

MONITOR CHANGES IN:
AWARENESS, IMAGE or
INTENT TO PURCHASE

MONITOR CHANGES IN SALES
In the context of sponsorship, where the message is incidental to the main event, there is likely to be substantial noise that may cause the message to appear inconsequential and to be ignored.

Figure 1 shows the stages in the communication process at which the effectiveness of sponsorship can be measured. The further through the process an evaluation takes place, (i.e. the closer it is to sales purchase action), the stronger is the evidence of a sponsorship’s contribution to increasing sales. Most frequently, sponsorship objectives relate to creating a climate conducive to the development of sales in the future rather than to stimulating immediate sales. For this reason, most evaluations are undertaken earlier in the communications process (Figure 1). If sales are not measured, then the next most convincing measures for demonstrating economic return from a sponsorship (i.e. the probability that a desired increase in level of sales will result) are those that are completed at the reception stage of the process, because this is only one-step removed from the sales purchase action.

Individuals pass through a series of stages from first becoming aware of a product or company, to finally making a purchase decision. These stages are generally known in the marketing field as the product adoption process (Lamb, Hair & McDaniel 1992). The three stages in this process that precede purchase action, and that are encapsulated in the reception stage of the communication process (Figure 1), are awareness, interest and desire or intent-to-purchase. The product adoption process emphasizes that a decision to participate is usually the culmination of a process that may have started long before the actual purchase takes place. Thus, sponsorship of a recreation event is likely to ultimately impact sales if it succeeds in moving individuals from their present stage in the adoption process on to the next stage towards making a purchase decision.

Measuring Message Exposure

The most frequent type of sponsorship effectiveness measure used by park and recreation agencies appears to be that taken at the message channel stage (Figure 1). This approach assesses the extent and value of media coverage the product or company receives. It usually involves quantifying:
- duration of television coverage, including both verbal and visual mentions;
- duration of radio mentions;
- extent of press coverage as measured in single column inches.

Thus, for example, in one year, Volvo the Swedish car maker, measured that its pro tennis sponsorship generated 2.02 billion impressions or 5.5 million a day. That is, if a sports photograph appeared with a Volvo banner in a newspaper with a circulation of one million, that would equal one million impressions. Similar calculations are done for television broadcasts and magazine and news articles where the corporate name appears (Lohr 1988).

Typically, these media mentions are tracked and each is assigned a dollar value based on the paid advertising rate. For example, Volvo calculated that in 1990, it received $7 in value for every $1 spent on its sponsorship of tennis. This
resulted from 2.26 billion impressions including television, print, radio, event attendance and promotions. These impressions were calculated to translate to $32.8 million in equivalent value and Volvo spent less than $5 million on its sponsorship (Schlossberg 1991).

If media coverage is used as a measure of sponsorship effectiveness, the exposures should be weighted to reflect the relative attractiveness of different types of media coverage and quality of the coverage that is likely to vary widely across companies. This means that the appropriate portion of advertising equivalency costs to use as a measure of value of media exposure will also vary. To some companies a sponsorship mention may be worth only 10% of equivalent advertising time in a particular medium, while to others it may be worth 100%. Since tobacco companies, for example, are unable to advertise on television, sponsorship mentions in that medium are likely to be valued more highly by those companies than similar exposures achieved by a soft drink supplier. If a company or product has very high unaided recall before a sponsorship, then the value of media exposure is likely to be relatively small. For example, Coca Cola has an unaided recall of around 95%, so media coverage is not likely to be as important to that product as it would be to a new soft drink trying to build awareness.

Quality of media coverage is likely to vary from the highly favorable to the somewhat less favorable. Furthermore, the location and nature of coverage obtained even within a single medium will influence its impact. For example, a favorable mention on the editorial or front page may be considered to be of greater value than mentions in the sports column. Some companies assign different values to different publications by using weightings. Thus, Cartier International assigned points to its print exposure by type of publication—upscale readership carried more weight than wide-circulation—and by type of mention, so the company’s name in a headline or photograph rated higher than in text (Special Events Report 1990a).

A final type of quality measure that is used seeks to reflect the extent of clutter encountered by a sponsorship. This measure expresses media coverage achieved by the sponsor as a percentage of total coverage of that activity and/or as a percentage of total mentions attained by all sponsors of that activity. If this percentage is reasonably high, then it is deemed more likely to emerge from the clutter of other sponsors and make an impact.

Measures of media coverage frequently inflate its real value. This inflation occurs in three ways. First, article length is measured and equated with advertising space, even though the sponsor’s name may be mentioned only a couple of times in the article. Second, typically, the maximum rate card value is assumed when quantifying the cost of equivalent advertising space, and few companies in fact pay these full rates (Sleight 1989).

The third and most fundamental source of inflation is the assumption that two seconds here and four seconds there of background signage or logo, when summated equate to a television spot that gives an advertiser 30 straight seconds of time in which to sell. Thus, an editorial in Sponsorship Report made the following comment on John Hancock’s careful tabulation of its media mentions
to measure the return on its sponsorship of the John Hancock Bowl held in El Paso, Texas, on New Years Eve: "Ad equivalencies are bunk. If Hancock management thinks 30 seconds of ID has the same value as a 30 second ad spot, that's its problem" (International Events Group 1992:2). A defender of these procedures responds: "Is it better to interrupt a broadcast with your message? Is it better to upset viewers? Of course you usually won't upset them because they are probably in the kitchen or the bathroom." (cited in Urbanski 1992). This type of defense is not convincing. Sponsorship lacks the direct impact possibilities normally associated with direct advertising. This is widely recognized and explains why the "rule-of-thumb" adopted by sponsors who do use media coverage measures as their primary evaluation tool, is that total exposure received should be worth at least three to four times the cost of their sponsorship.

In addition to the pragmatic limitations of the media exposure approach discussed in the previous paragraphs, there is a fundamental conceptual flaw in considering it as a proxy measure of a sponsorship's impact on awareness. Measurements of media exposure are taken at the message channel point in the communications process (Figure 1). That is, they purport to assess the extent of media output of the company's message that has occurred. Media output, however, does not equate to awareness in the target market, which occurs at the subsequent reception stage:

While you can certainly get a guide to the visibility of your sponsorship and the potential for awareness among your target audience, you certainly cannot tell by measuring media mentions how many of your target audience saw and registered the mentions, nor how the viewers' attitudes to you or your product has been influenced by the sponsorship (Sleight 1989:227).

For awareness to occur, members of the target market have to interpret the message and then absorb it. There is a substantial probability that this will not occur because individuals are exposed to many more communications than they can possibly accept or decode. If a name, picture, cue, logo, or banner, does not appeal, or if there seems to be no good reason why it should be noted, then an individual is unlikely to open his or her senses to it, so it will not be received. Hence, communication is not a one-way process from the sponsor organization to its target market, which use of the media exposure measure implies. Rather, it is a two-way process that is dependent upon the intended recipients being sufficiently interested to interpret and absorb the communication.

Some sponsors admit to the inadequacy of the media exposure method they use. For example, the Special Events Director of Gallaher, a large tobacco company in the U.K., commenting on the investment in recreation event sponsorship made to promote the company's Benson and Hedges brand observed, "At the end of a year I can give a figure for the number of hours and minutes Benson and Hedges has appeared on T.V. at its events. It doesn't prove anybody has bought one more cigarette" (Wilson 1988: 162).
Measuring Impact on Awareness

The impact of sponsorship in creating awareness is relatively easy to measure if the sponsor does not engage in any other form of communication except sponsorship and if the company had a very low awareness level at the beginning of the sponsorship. Unfortunately, these conditions are rarely found.

For the large majority of products that do not exhibit these characteristics a more complex research design should be used. Such a design is likely to incorporate a control group that is not exposed to the sponsorship that can be measured and used to discount the effects of other simultaneous communication efforts in which a company may be investing, and a three-part survey conducted before, during and after the event. This approach will enable changes in awareness and/or image in the target audience to be measured.

Research commissioned by NutraSweet at the state games they sponsored in Massachusetts, Illinois, Florida, New York, Indiana, Texas and North Carolina, emphasized the importance of getting visitors involved in tie-in activities associated with sponsorship, rather than relying only on name exposure to maximize increases in awareness levels. It compared level of awareness between two samples: people who had been exposed to NutraSweet’s activities center and people who attended the games but did not stop by NutraSweet Place (an activities center). Names for the first group were collected at NutraSweet Place by means of entry blanks for a prize drawing. The second group of names was collected in the field from attendees who passed an initial screening question, again by means of an entry blank for a prize drawing (Baldwin 1987).

Telephone interviews then were conducted in the two weeks following the games with open-ended questions designed to elicit recall and reaction to sponsors in general, followed by questions specific to NutraSweet’s on-site activities. On a combined aided and unaided basis, virtually all survey respondents were aware that NutraSweet sponsored the games. Visitors to NutraSweet Place were significantly more aware of NutraSweet’s sponsorship due to their exposure to the center’s activities. On an unaided basis, 86 percent of people who attended the activities center recalled the sponsorship, versus 50 percent of non-visitors to the center. The research indicated that NutraSweet’s active presence and promotional activities on-site, i.e., the extensive support activities for the sponsorship, made a significant difference in how well the brand attained its goals of increased awareness and favorable image. This conclusion was consistent with that reported by Johnson (1993:8):

We also learn from tracking sponsor awareness levels that those sponsors which actively engage the consumer on-site at the events with raffles, sweepstakes, sampling, or redemption programs stand a greater chance of being remembered as a sponsor once the event is over.

NutraSweet used a similar research design approach of comparing results between control and treatment groups to assess the extent of linkage perceived
by their target market with their figure skating sponsorship. NutraSweet was sole corporate sponsor of the United States Figure Skating Association. Executives believed that sponsoring such events as the World Professional Figure Skating Championship, the Challenge of Champions, and national Ice Skating Month, gave NutraSweet an “uncluttered environment, television exposure, promotion extensions and positive public relations” (Schlossberg 1990,6). To assess the strength of the linkage, the company commissioned a study of sales and attitudes about its association with the sport in four television markets that carried the world championships. In two of the four markets, NutraSweet commercials were deliberately blocked out, but reviewers recalled seeing NutraSweet advertisements anyway. The company considered this to be indicative of the positive image emitted from association with figure skating (Schlossberg 1990).

Measuring Impact on Image

Image enhancement or positive attitude change towards a product or company is a stage closer to the desired sales outcome than awareness (Figure 1). The distinction between these two stages was illustrated by Waite (1979) cited in Meenaghan (1983). A manufacturer and distributor of alcoholic beverages sponsored a horse racing classic for fifteen years in a bid to achieve a greater awareness of the company’s leading brand among cognac drinkers who were followers of this sporting activity. With media coverage exposure showing an annual increase, the company assumed that the brand was achieving significant awareness amongst its target markets [a questionable assumption!]. They commissioned a market research study to identify the extent of positive attitude change. The findings showed that attitudes to the brand were no more positive among those cognac drinkers who could identify the brand’s association with the sponsorship, than among those respondents who were unaware of the brand sponsorship. These findings suggested to the company that the sponsorship investment (which was over $500,000) had no impact on level of positive attitude to the brand, and thus the company considered withdrawing from it.

The data in Table 1 emphasize the importance of measuring changes in image attributable to sponsorship some time after an event has finished, rather than on the site. These data were collected by the author in an attempt to measure the impact of sponsorship on image. The data were collected at a large festival attracting 70,000 visitors over a two-day weekend period, which is held annually shortly before Christmas. Sponsors were involved in underwriting particular stages within the site or performers at the festival, or in providing in-kind products or airline tickets to the festival. Six major sponsors of the event (shown in bold type) were each paired with a non-sponsoring company in the same industry. One additional pair of companies, both of which delivered phone services, were included to serve as controls, even though neither of them was a sponsor.

A probability sample of 486 respondents was presented with the pairs of companies as they entered the site (so they were unlikely to be aware of the event’s sponsors) and asked to “express how you feel about them” on a seven-
point scale ranging from very poor (1) to very good (7). In a follow-up mail survey that the same respondents completed one to five weeks after the event, they were asked the same question. The results are reported in the “Before” and “After” columns of Table 1.

It was anticipated that sponsoring companies’ scores would be higher after the event as a result of their investment. The results show that in 13 of the 14 cases, image score of the companies declined in the follow-up survey. This suggests that awareness surveys conducted at, or immediately after, an event are likely to yield optimistic results. This may be attributable to the excitement and positive experience being enjoyed at that time by attendees, extending to their perceptions of the products’ images. However, at a subsequent time when the immediacy of an event’s excitement has passed, excitement about the sponsoring products may also dissipate.

Measuring Impact on Intent-to-Purchase

The product adoption stages suggest that potential purchasers move from awareness, to interest, to desire or intent-to-purchase before investing in a sales action (Figure 1). Hence, intent-to-purchase studies are perhaps the most useful indicators of the impact of sponsorship on future sales. Bassing America is a membership organization of 55,000 fishermen. A key to their success in attracting and retaining sponsors is the research which Bassing does each year into their members’ purchases and intentions-to-purchase. Bassing tries to find
out what members own by brand, what they have purchased by brand, their intent to purchase by brand and when they anticipate buying. The information is compared to prior years’ results, going back three or four years to determine if sponsors’ products are being supported. Findings are especially helpful when contract renewals are near. The results show sponsors how involvement with Bassing has increased their sales. For example, in 1986, 15 percent of members owned a Ranger boat and another 21 percent said they intended to purchase one. By 1989, 27 percent owned and 43 percent intended to buy a Ranger boat (Special Events Report, 1990b).

A qualitative approach to assessing sponsorship’s impact on intent-to-purchase was adopted by Xerox Corporation. After they entertained clients at professional golf tournaments that they sponsored, managers completed reports, three, six and nine months after the event, estimating what impact the occasion had on client orders (McCarthy 1991).

Measuring Impact on Sales

A sponsorship’s direct impact on sales is measurable only when one of three conditions exist. First, if sponsorship is the sole method used to promote a company, particularly if the company had low visibility before the program started. Second, sales changes may be measured if short-term or localized sponsorships are used because this makes it easier to undertake comparisons with control areas or periods of time where they were not used. Wrangler, for example, conducts market research to determine the incremental sales volume generated by a sponsorship. The company measures pre- and post-buying habits of attendees of Wrangler-sponsored events. Once the difference between the pre- and post purchase levels is determined, this number is multiplied by the profit margin associated with each item to calculate the additional profit due to the sponsorship. The cost of each sponsorship program—for example, sponsorship fees, media buys, point-of-sales materials and all promotional support—is subtracted to determine the net profit contribution for each sponsorship (Ulknan 1984).

The third, and most common, condition when direct impact on sales can be measured is where there are tie-in promotions with the event. For example, Burroughs Wellcome Company experimented with a women’s tennis sponsorship to market a new sunscreen lotion. By distributing coupons at the venue, then tracking how many were redeemed, the company found that the tennis events effectively reached the target audience of upscale women 30 and older. In the following year, the company expanded its sponsorship to twelve major tournaments based on those results.

Similarly, McDonalds in their 1984 Olympic Games sponsorship set targets of 5 percent for extra store sales and 8 percent for extra store transactions. They utilized the distribution of more than 300 million Olympic theme game cards to boost interest and they increased percentages by 5.8 percent and 11.2 percent, respectively (International Advertising Association 1988).

Bell Cellular Inc. offers another example of direct sales measurements. They spent $500,000 (Canadian) on sponsorships a year and a similar amount
promoting those ties. They co-sponsored such events as the Cadillac Golf Classic. To prompt attendees to subscribe on-site, Bell Cellular offered coupons worth $110 (Canadian) off the first year's bill. With couponing they could tell exactly how many activations each event generated. For instance, in 1990, they signed up 1,675 new subscribers accounting for nearly $C1 million (Lavelle 1991).

Most evaluations do not attempt to measure the direct impact of a sponsorship on sales. This is because either one of the three above conditions is not met so impact on sales is not measurable, or the sponsorship objective was not to directly generate extra sales.

Concluding Comments

Companies with ongoing monitoring and evaluation procedures are able to use these measures to gauge where a sponsorship is in its life cycle (Samson 1989). Is it at the introductory, mature or decline stage? Does it deserve more support or is it time to look for alternatives? The evaluation may suggest that an event is declining in popularity, but still enabling the sponsorship objectives to be met. Alternatively, it may reveal that the potential benefits from the sponsorship have peaked and incremental spending is counterproductive. For example, Cannon made a commitment of $5 million to sponsor the major professional soccer league in England. In a three-year period, awareness of Cannon went from below 20% to more than 80%. The company decided reaching the last 15% or 20% would not be cost effective, so it withdrew from its soccer sponsorship. However, Canon did this in a very positive way. It invited all the journalists who covered the original announcement three years earlier to a press conference and explained how successful the sponsorship had been. Coverage of its withdrawal was very upbeat and the league was able to find a new sponsor without any problem (Special Events Report 1986).

Evaluation answers the question, “Where is the sponsoring company now in relation to where it said it wanted to be in its objectives?” Its primary purpose is to discover, and act on if necessary, deviations from the desired outcome from a sponsorship. It identifies sponsorships that are not meeting their objectives. In these cases there needs to be a reappraisal of what the sponsor did and what could be done to improve the results. Thus, evaluation guides actions and reduces influence of the emotional dimension of decision making.

Copeland (1991) surveyed 65 major Canadian companies engaged in recreation and sport sponsorship and reported that the methods most frequently used to measure its impact were awareness and media exposure (61%), sales (41%), dealer/trade feedback (26%) and attendance (15%). Although image was frequently cited by the companies as a benefit sought from their sponsorship, only 10% of Copeland's companies evaluated image change. Similarly, in a survey of 450 active sponsors in the U.S., 73% reported that they calculated results in terms of advertising equivalences (Ogden 1993).

Despite the substantial limitations associated with using media exposure and advertising equivalency measures to evaluate the impact of sponsorship on recreation events, these measures continue to be widely used for three very
practical reasons. First, they are easy for management to understand. Second, these type of data are relatively easy to collect. Third, they offer quantifiable statistics that give the appearance that sponsorship decisions are being based on supportive data, and thus offer peace of mind to those responsible for making those decisions. Recreation managers who want to include a measure of the potential of their event in sponsorship proposal packages also can relatively easily adopt this measure. Indeed, media exposure is the only evaluative measure they can undertake without intruding into the business of the event’s sponsors. Other measures requiring, for example, pre-and post-tests of awareness levels of a sponsor’s product or sales performance, are likely to be outside the organizer’s realm of access.

Given the limitations of exposure methods, should recreation and park agencies continue to use them? Professionals frequently are required to rely on their accumulation of past experience to guide their actions, because resources are not available to gather data which would assist in making a particular decision. In the context of sponsorship, both corporate and agency executives are likely to have a “feel” or “hunch” as to whether a sponsorship investment is meeting its objectives. In these cases, where the resources needed to use more accurate, sophisticated approaches are not available, then it is reasonable for exposure measures to be used as a type of surrogate assessment of a sponsorship’s impact.

This recommendation to proceed with exposure measures despite their limitations, recognizes that evaluation has a political as well as a programmatic function. Although a sponsorship investment may appear to be a success to those involved in implementing it, they may still have to justify it to others who were not present. Exposure measures are accepted at face value by many in corporate organizations because they resemble traditional measures used to measure advertising effectiveness. This high acceptance level makes it possible for managers in both recreation and park agencies and in the investing corporations to reassure senior company managers and stockholders that the investment was sound. If exposure measures are not produced, it may lead to a misguided decision to terminate the sponsorship arrangement because hunches don’t constitute quantifiable evidence and that may be all the evidence there is on which to justify the investment.

The nub of the ethical conundrum is, “Is it legitimate to use exposure data to justify a sponsorship investment which those responsible believe offers a good return to a company, when those responsible know that these type of data don’t prove the case that is being made?” In short, “Does the end justify the means?” Clearly, this is a personal value judgement. However, at least some recreation and park managers are likely to respond affirmatively and argue that the downside—needless loss of resources that are in fact being used efficiently and effectively—justifies the use of exposure measures. They are likely to point out that the data are not fraudulent; rather they are simply not the appropriate effectiveness measurement to use. The weakness in this line of argument is that there may be some instances where the “hunch” or “feel” is wrong and the sponsorship is not the best use of a corporation’s resources, but the data make a convincing case for the investment because the wrong type of measure is being used.
References


