Potential negative outcomes from sponsorship for a sport property

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Sponsorship funding has become a staple source of revenues for many sport events, but there are two types of potentially negative outcomes for properties that may be associated with it: operational risk and reputational risk. Operational risk occurs when sponsors insist on changing the rules or format of the event, or when they exercise undue influence on its content, timing, location or participants. The primary source of reputational risk is increased public sensitivity to the negative health impacts of some product categories, most prominently those of tobacco, alcohol, gambling and products that are high in fat, salt or sugar that may make it contentious for a sport property to partner with companies in these product classes. Similar controversy from public sensitivity may emerge around issues of corporate social responsibility, as expectations grow regarding the impact of a company’s actions on society. Reputational risk also may emanate from over-commercialization of an event, since this may erode “fan equity”, i.e. the passion of fans who traditionally have supported it.

Keywords: sponsorship, operational risk, reputational risk, tobacco, alcohol, gambling, junk food, corporate social responsibility

INTRODUCTION

When sport organizations accept sponsors’ resources, they implicitly may be giving up some control over their event. This may result in negative outcomes to the property that were not anticipated when the agreement was signed. This paper reviews the two types of potential negative outcomes that may occur to a sport organization from a sponsorship agreement: operational risk and reputational risk. Operational risk is likely to be the primary focus in the short term and result from either change in a sport’s format or rules, or undue influence by sponsors on organizations or events. Reputational risk is a longer-term concern emanating either from negative connotations or controversies associated with sponsors that may impugn the reputation of the sport property, or from erosion of “fan equity” caused by over-commercialization. In these cases the risk is that clienteles become disillusioned with a property’s behavior so their support is gradually withdrawn.

OPERATIONAL RISKS

Changes in a Sport’s Format or Rules

In return for their support, sponsors may insist on changing the sporting event so the very nature of the sport is altered. There is a well-known aphorism that says those who pay the piper call the tune. Changes may be implemented to make a sporting event more exciting, entertaining and attractive, especially to television audiences. Tennis is an example of this type of influence. The method of scoring was changed by the introduction of...
sudden death tiebreakers to shorten matches and make them more interesting, while the traditional white apparel was replaced by multi-colored outfits for the same reason.

It may be argued that these changes are media, rather than sponsor-driven. However, the distinction really is arbitrary and without meaning, because a central issue in negotiations between a potential sponsor and a sport property is likely to be the probable extent of the event’s media coverage, since this is a major component in the leverage of a sponsorship platform. If a sponsor is seeking increased brand awareness or image transfer benefits, then a key to receiving them is the extent, and the quality, of visibility of the sponsor’s brand with the sport property. Thus, it is likely that a sponsor will seek to maximize media coverage before committing an investment.

The growth of one-day (50-over) and half-day (20-over) cricket matches in national and international competitions was fostered by their ability to accommodate the demands of television audiences who wanted to see an immediate and definite outcome, rather than waiting for up to five days for a result which, even then, is not guaranteed to produce a winner. Thus, the majestic, traditional international format which consists of a series of five games each lasting five days that is beloved by hard-core cricket enthusiasts, “stands at a precipice” according to the 149th annual edition of Wisden – the “bible” of cricket (Wilson, 2012). There is a real possibility the traditional format will become a historical relic, usurped by the “quickie” games and their adapted rules to meet the instant gratification needs of broadcast audiences which far exceed the numbers who go to grounds to watch the games.

In amateur sport, field hockey has experienced a number of rule changes aimed at making the game faster and therefore more attractive to spectators, media and, hence, sponsors. The sport of lacrosse also embraced rule changes for similar reasons with the formation of the National Indoor Lacrosse League in North America. In order to increase goal-scoring opportunities, the net was widened by six inches and the number of penalties reduced, as compared to traditional box-style lacrosse (Berrett, 1993).

For the most part, these changes have been successful in attracting new and wider audiences for their sports. Ostensibly, this is a positive development for both the sport properties and sponsors. However, radical changes to the rules and formats of sports that have a hallowed heritage stretching back for over a century, inevitably offends some traditionalists. They are often the central core of a sport’s supporters whose deep passion for it makes them prime candidates for companies seeking enhanced brand equity by securing image transfer from a sport property. The more a target audience feels a sense of gratitude to a company believing that its support contributes to their enjoyment, the greater the likelihood sales increases will accrue to the sponsor. In contrast, some proportion of the new audience may merely be seeking entertainment and lack the emotional involvement of traditionalists on which sponsors seek to “ride” in order to acquire some of supporters’ affection for the property for their brand.

**Undue Influence by Sponsors**

Consider the following examples of sponsor influence:

- When Nike invested $160 million in a five-year sponsorship of the Brazil national football team, which many consider the leading national soccer team in the world, the company was allowed to specify where, when and against whom the national team would play twice per year (Berrett, 1993).
- Andretti Autosports’ car failed to qualify for the iconic Indianapolis 500 race so it
negotiated with AJ Foyt Racing. It was agreed that Andretti would pay Foyt $200,000 for its driver and sponsors to take over one of Foyt’s cars that did qualify. This was legal under INDYCAR rules which stated that the fastest 35 cars made the race, not the 35 fastest drivers. The arrangement was forged because Andretti’s sponsors paid much larger fees than Foyt’s sponsors and, hence, had much more to lose by not appearing in the race. There was widespread condemnation of the action with many claiming it impaired the race’s integrity (Andrew, 2011).

- Air Canada, a longtime and heavy-spending corporate partner of National Hockey League (NHL) teams, threatened to withdraw its sponsorships if the NHL did not immediately address the frequency of headshots and resulting injuries (Beiferheld, 2011).

While sponsorship investments buy brands the right to associate with a property, do they also give them the right to influence the property’s presentation of the event even if, like the Air Canada vignette, they are motivated by facilitating the “general good” rather than self-interest?

Another dimension of sponsor influence occurs when the needs of a sponsor become more important than the intrinsic merit of the sporting event itself. The Olympic Games is perhaps the forum at which this issue reaches its apogee, but the issue is debated in other contexts at lower levels of sport. The central role of US television companies and sponsors in financing the Olympic Games has resulted in the schedule of track and field events sometimes being arranged so they can be shown live on prime-time television in the USA. Thus, on occasions, for example, marathoners have been required to race during the hottest part of the day. In such cases, the welfare of the athletes and the focus on the event become subservient to commercial interests. Consider the following examples of the influence of NBC television and their sponsor allies at the Sydney Olympics:

- NBC’s requirement that the overhead power lines and 48 electrical towers at Homebush Bay be removed and the cables put underground in order to improve television images; the New South Wales government contributed $20 m toward what state leaders called “a luxury we can’t afford”.
- The positioning of the running track at the Olympic stadium, resulting in winds that seriously impeded athletes’ performances, to accommodate the desire for television cameras to have a shadow-free main area not facing the afternoon sun.
- NBC’s decision to protect its $1.2 billion purchase of television rights by delaying all telecasts until evening prime time (since most of the network’s viewing audience lived in a time zone 12–15 hours behind Sydney time) (Lenskyj, 2002).

Since the Sydney Olympics, the delay of telecasts issue has become moot by the pervasive presence of social and digital media which instantly inform those interested of the results.

It has been alleged that as commercial forces have become more pervasive, the pressure on athletes to perform more often and to participate even when they are hurt has increased (Slack & Amis, 2004). For example, cricket used to be a seasonal game. However, the large amount of sponsorship and broadcast revenues that have flowed into the sport have transformed it into a year-round global game with few breaks for international caliber players. Similarly, since Rugby Union became a professional game in 1995, players have become bigger, stronger and faster, and have been required to play many more games. Predictably, the increased physical and mental stresses have led to players...
participating when injured and have resulted
in shorter professional careers.

REPUTATIONAL RISKS
There is an aphorism that says: People are
judged by the company they keep. Sport
organizations are increasingly expected to
be responsive to social concerns as well as
their own financial well-being. Thus, they
have to be concerned about partnering
with companies that could damage their
reputation. The extent to which the reputa-
tion of a sport property might be
damaged by associating with companies
whose products are widely criticized will
range widely across the negative–indiffer-
ent–positive spectrum. An explanation of
the process that determines where individ-
uals locate along that continuum is offered
by balance theory and attribution theory.

Balance theory’s principles were
described by its originator: “By a balanced
state is meant a situation in which the
relations among entities fit together harmo-
niously... A basic assumption is that... relations tend toward a balanced state... if
a balanced state does not exist, then
forces toward the state will arise” (Heider,
1958, p. 201). The theory suggests that
people react aversively to inconsistency
and positively to harmony, consistency
and the expected, so they act in ways that
further these latter outcomes rather than
their antitheses.

Thus, imbalanced relationships are under
pressure to change toward balance. The
direction in which balance will be restored
will be determined by the relative strength
of the sources of incompatibility. The
theory is illustrated by the following
hypothetical internal conversation:

- “As a lifetime resident of Stoke-on-Trent, I
  am pleased when Stoke City F.C. do well. I
  follow the team’s news on the sports
  pages, take the grandchildren to see a
game two or three times a year and watch
many of their games on television.”
- “I was angry in 2012 when the club replaced
  Britannia its longtime sponsor with Bet
365. Betting companies make vast profits
from exploiting gullible poor people,
especially the young, with their persuasive
‘get rich quick’ stories.”

Balance can be restored either by rationa-
лизing perceptions of actions of betting com-
panies so they become more positive and
justifiable; or by adopting more negative per-
ceptions of Stoke City F.C. because of their
alliance with Bet 365. In this case, the rela-
tively tentative support for the football club
and the strongly held views toward betting
suggest the likely outcome would be: “I am
disgusted that Stoke City F.C. have ‘sold
out’ to a betting company and will have
nothing more to do with them.” However, if
the individual was a “hard core” fan who
had purchased season tickets for decades,
then the rationalization may be reversed:
“The fact that Bet 365 is putting $3 million a
year into the club, won’t have any influence
on whether or not people engage in betting,
and I think it’s great for the club.”

Attribution theory addresses how people
make causal interpretations. It posits that
members of a target market will cognitively
infer a motive for a sponsor’s investment in
an attempt to understand the rationale for
it. It recognizes that people interpret behav-
ior in terms of its causes, and that these
interpretations are important in determining
how to react to the behavior. Thus, “Causal
attributions play an important role in provid-
ing the impetus to actions and decisions
among alternative courses of actions” (Kelly,
1973, p. 125). The general model of
attribution theory states that antecedents
which comprise consumers’ beliefs toward
a sponsor and their suppositions about the
company’s motives; lead to attributions as
to whether the sponsor is a loyal, empa-
thetic, supporter of the sport property, or
is unreasonably exploiting it; which lead to consequences that result in where consumers locate it on the negative–indifferent–positive scale (Kelly & Michela, 1980).

A central precept of exchange theory which undergirds sponsorships is that the relationship has to be fair to both sides. There will be an understanding that in exchange for their investment, companies need to secure a return on their investment. However, the company’s sponsorship will be perceived to have both extrinsic motives (commercial considerations) and intrinsic motives (loyalty, support, belief in the property. If the company is explicitly mercenary and perceived to lack genuine, sincere support for the property, then its investment will be discounted, imbalance will not be positively restored and the property may suffer reputational damage from associating with sponsors that are perceived to be cynically exploitative. In contrast, if a sponsorship is packaged as an act of social responsibility, corporate altruism or benevolence, then motive attribution would enhance sponsor credibility which would ameliorate the danger of compromising a property’s reputation.

The Sponsor Product Classes That Are Most Controversial

Some people believe that by helping sponsor companies to market products which are potentially harmful to public health, sport properties compromise their inherent virtue for revenue (McDaniel, Mason, & Kinney, 2004). It is incongruous to them that sport which exemplifies a healthy fit lifestyle should be used as a promotional vehicle for products that appear to be the antithesis of this. In short, these linkages which are consummated for financial purposes seem to defeat the broader raison d’être for sport. When attribution theory leads to a conclusion that a property is “selling-out” by allowing the allure of additional revenues to prevail over the values that sport is alleged to represent and personal or community well-being, then there is risk of reputational damage to a property.

Some sport managers have chosen to disregard this risk because they believe their sports would not be financially viable without sponsorship from companies in these sectors. They are concerned that loss of these revenues would mean either that events would be eliminated or that ticket prices would be commensurately increased. The former outcome is likely to occur in some contexts, but an economist is likely to argue that the latter outcome is improbable. Both of these outcomes assume that costs would remain fixed if sponsorship revenues declined, but in many instances it is likely that efforts would be made to reduce costs. It is naïve to believe that ticket prices would be increased. Most sport managers are charged with setting ticket prices at a level that will garner maximum revenues for their organization, so the current price of tickets is likely to be the highest price the market will bear. If patrons could pay more, then sport organizations would charge more now. Thus, ticket prices could not be increased if sponsorship was withdrawn. The only way to retain viability or profit margin would be to reduce costs which would involve reducing players’ salaries, prize money, administrative overhead, etc.

Most controversies focus on sponsors in the tobacco, alcohol, gambling and products high in fat, salt or sugar (HFSS) sectors. Traditionally, companies in these industries have been major sponsors of sport events, but the debate over the appropriateness of partnering with such businesses is becoming increasingly prominent. In response to the public health concerns associated with these products, some professional sports leagues in the USA have inserted “morality” clauses in collective bargaining agreements with the players’ associations. These
clauses prohibit players from endorsing or
associating with tobacco, alcohol or gam-
bling companies (McDaniel et al., 2004).

**Tobacco**

Tobacco companies had a long history of
sponsoring sport. Indeed, in the USA before
1998 they ranked second behind the auto-
mobile sector as the primary investors in
sport. During the 1990s, opposition to their
sponsorship reached a crescendo. It
revolved around three issues. First, through
sport sponsorship the product could be
associated with the vibrant health of athletes
instead of the horrors of emphysema, lung
cancer and the host of other illnesses
caus ed or exacerbated by tobacco products.
Second, was the belief that the sport linkage
enabled tobacco companies to penetrate the
youth market, and more than 90% of people
who will ever smoke on a regular basis do
so prior to the age of 19 (Koop & Kessler,
1997). Third, was the contention that such
sponsorship circumvented the ban of ciga-
rette advertising and promotion in broadcast
media that was enacted in the USA in 1971.

In 1998, the angst with tobacco compa-
nies, and the extraordinary costs they
imposed on states’ health care systems
through people’s use of their products,
resulted in the Master Settlement Agreement
(MSA). In this, 11 tobacco companies exe-
cuted a legal settlement with 46 states, the
District of Colombia, and five common-
wealths and territories, agreeing to pay
these entities $246 billion over 25 years. In
addition, the settlement agreement con-
tained a number of important public health
provisions, including several resulting in
the severe curtailment of sponsorship
investment by the companies.

There were loopholes in the MSA that
enabled some limited tobacco sponsorship
to continue. However, these were closed by
the Family Smoking Prevention and
Tobacco Control Act passed by Congress in
2009. This gave the Federal Drug
Administration (FDA) the power to regulate
the tobacco industry. In June 2010, the FDA
issued regulations closing the existing looph-
holes. They applied to all tobacco companies
and all states, not only to those that signed
the earlier MSA, and banned all sponsorship.
The rules stated:

Manufacturers, distributors, and retailers of
tobacco products MUST not sponsor any
athletic, musical, artistic, or other social or
cultural event, or any entry or team in an
event, in the brand, name, logo, symbol,
motto, selling message, recognizable color
or pattern of colors, or any other indicia of
product identification, identical or similar
to, or identifiable with, those used for any
brand of cigarettes or smokeless tobacco.
(21C.F.B. 1140.34c)

The prohibition of tobacco company
sponsorship in the USA is consistent with
actions taken in many other countries
throughout the world. For example, a Euro-
pean Union Directive prohibited tobacco
advertising and sponsorship in its 27
member countries in 2005. The demise of
tobacco sponsorship in a short 15-year
period was remarkable (and perhaps a salu-
tary exemplar for other potentially harmful
products) given the industry’s aggressive
opposition to such legislation and its formid-
able expenditures on lobbying and influen-
cing political processes.

**Alcohol**

The nexus between alcohol, sport and males
has a long cultural history. By no later than
the sixteenth century in the UK,

the ale house was the main arena for staging
sports events ... with fields, greens, courts,
rings, and the like arranged in close prox-
imity to the grounds. Here came much cock-
fighting, boxing, bowling, rugby, foot-races,
and more. Riding on the tendency of retired
sport players to become pub owners, pro-
prietors became sports promoters and pro-
grammed contests that would draw the
largest crowds for the sale of brew. (Wenner & Jackson, 2009, p. 6)

Alcohol companies are major sponsors of sport. In the USA, Anheuser-Busch and Miller Coors rank third and eighth, respectively, on the list of companies most active in sport sponsorship (IEG, 2012), while Labatt and Molson are similarly active in Canada, and Guinness and Heineken in Europe. Several decades ago, the substantial investment by beer companies in sport sponsorship was explained in these terms: “Beer drinkers and sports fans are one and the same – indiscernible, inseparable, identical! No one drinks more beer than a sports fan, and no one likes sports better than a beer drinker” (Johnson, 1988, p. 74). The ages of maximum beer consumption and maximum sports involvement are the same, both for men and for women. The peak beer consuming years are from 18 to 29, which are the peak years for sports’ participants and spectators. Males in the 18–34 age group constitute only 20% of the beer drinking population, but they consume 70% of all beer. Breweries have sought tie-ins with sports because they provide a “macho” vehicle that appeals to their core young adult male target audience. These heavy users are the most critical market segment for beer companies and it is easy to communicate with them through sport associated events.

The CEO of Anheuser-Busch identified four priorities in the company’s quest to enhance profits by increasing overall consumption and sales: (1) improve the image and desirability of beer; (2) keep beer fun and social; (3) increase beer occasions; and (4) improve retail sales. Sponsorship of sports fits well with all four of these strategies and so has become the company’s primary promotional tool in most of its markets (Wenner & Jackson, 2009).

As the magnitude of sport sponsorship by breweries has increased, it has been accompanied by a commensurate increase in criticism from those concerned about alcohol abuse. There has been heightened awareness in recent years that alcohol is a drug with the potential to become addictive. There are approximately 79,000 deaths attributable to alcohol use each year in the USA, making it the third leading lifestyle-related cause of death for the nation. There are more than 1.6 million hospitalizations; more than 4 million emergency hospital visits for alcohol-related conditions (Centers for Disease Control and Prevention, 2011); and unmeasurable negative costs such as spouse and child abuse, desertion, emotional problems and fetal alcohol syndrome. The concern is that beer companies’ promotions connote it is natural for this intoxicating drug to be consumed while watching, or after participating in, a sporting activity. The question is: Should sport be at all connected with a drug that is responsible for such problems? Sponsorship and advertising by beer companies promotes the image that beer is not very different from soft drinks, and its negative consequences such as traffic deaths, domestic violence, physical deterioration from cirrhosis, hypertension and stroke, and pregnancy risks are ignored.

Alcohol sponsorship aspires to create positive brand image transfer associated with sport teams and athletes: vitality, fitness, fun, health, endurance, speed and strength. It has been observed that “beer comes to share the luster of healthy athleticism”, and that

It’s really paradoxical that alcohol and all it stands for should be associated with excellent athletic performance. You cannot have one and the other at the same time. If you’re going to perform as a top-grade athlete, you have to cut out alcohol. (Johnson, 1988, p. 78)

The close relationship between beer and sport has caused some “to wonder just
what kind of cultural hypocrisy is going on when Americans relentlessly insist on immersing sport—our most wholesome, most admired, even (sometimes) most heroic institution—in a sea of intoxicating drink” (Johnson, 1988, p. 70).

In response to their social critics, beer companies point out that when used in moderation, beer has been shown to have positive effects on health. A cardiologist who undertook an exhaustive review of the empirical literature concluded: “A vast literature supports the notion of health benefits of moderate alcohol consumption.” However, he issued a caution, “The recent research clearly shows that while moderate alcohol consumption is beneficial, the benefit is lost at higher levels of consumption” (Kocheril, 2010, p. 420). The US Departments of Agriculture and Health and Human Services carefully reviewed all the scientific literature related to alcohol consumption and health and concluded:

The consumption of alcohol can have beneficial or harmful effects, depending on the amount consumed, age, and other characteristics of the person consuming alcohol. Alcohol consumption may have beneficial effects when consumed in moderation. Strong evidence from observational studies has shown that moderate alcohol consumption is associated with a lower risk of cardiovascular disease. Moderate alcohol consumption is also associated with reduced risk of all-cause mortality among middle-aged and older adults and may help to keep cognitive function intact with age. However, it is not recommended that anyone begin drinking or drink more frequently on the basis of potential health benefits because moderate alcohol intake is also associated with increased risk of breast cancer, violence, drowning, and injuries from falls and motor vehicle crashes. (USDA & USHHS, 2010, p. 31)

The USHHS (United States Department of Health and Human Services) define “moderate” as one drink a day for females and two drinks a day for males.

The debate over alcohol sponsorship is especially potent in the context of college sports, since they articulate a different mission from the revenue and profit maximizing model that characterizes professional sports. In an open letter to Congress, renowned US college coaches Dean Smith, John Wooden, Joe Paterno and Jim Calhoun stated, “Advertising alcoholic beverages during college sports telecasts undermines the best interests of higher education and compromises the efforts of colleges and others to combat epidemic levels of alcohol problems on many campuses today.” The Center for Science in the Public Interest sought to convince colleges to sign the College Commitment, which features a prohibition of alcohol advertisement during televised collegiate sports events. The document was signed by officials at more than 250 colleges (Naughton, 1998). The evolution of the thinking process among college officials is captured by the following anecdote:

The director of men’s athletics at the University of Minnesota negotiated a contract with Miller Brewing Company worth $150,000. Subsequently, he was promoted to vice-president for student development and intercollegiate athletics of the university system. When the contract expired, a new contract for $225,000 was offered. This time he declined explaining, “Being in a new position, I was able to get a big-picture view of what was happening… I felt like we were sending students a mixed message.” That big picture had included the need for 14 students from the university to enter alcohol-rehabilitation programs and an increase in alcohol-related assaults on that campus, which constituted part of his new responsibilities (Naughton, 1998, p. A57).

Nevertheless, football bowl games, conferences and some individual colleges in the USA still accept alcohol company
sponsorships. Some reject it and bar their local media partners from airing alcohol advertisements in game broadcasts. Ohio State, a major athletic power, is illustrative of this group. Their athletic director explained: “Colleges cannot work hard to tone down the use of alcohol around games, while cashing checks from beer companies. There’s a terrible inconsistency there” (Fatsis, 2003, p. B12).

The decision confronting sport managers as to whether or not they should solicit or accept sponsorship from beer companies is more difficult than that associated with tobacco companies because, unlike tobacco, the problem is not consumption of beer, rather it is the abuse of beer. This makes it tempting for sport managers to rationalize that there does not appear to be a strong enough case to ban beer companies from sponsorship opportunities. Certainly, the case for a ban ostensibly is less compelling than the case that was made to ban sponsorship by tobacco companies.

Nevertheless, the alcohol industry is operating in an increasingly restrictive regulatory environment worldwide that is reminiscent of the early ruminations which ultimately led to the ban on tobacco products. Alcohol sponsorship of sport is vulnerable. Every time bad behavior by athletes or fans that is fueled by alcohol receives media visibility, the negative linkage between sport sponsorship and alcohol abuse is reinforced.

Actions creating momentum likely to lead to more restrictions or bans on alcohol sponsorship include:

- A report commissioned by the European Union calling for an outright ban on alcohol sponsorship throughout Europe on health grounds.
- An Irish government report, *National Substance Abuse Mission Strategy 2009–2016*, which recommended: “Ban alcohol sponsorships of all sporting and large music, comedy and theatre events.” It states: “The burden of health harms and the social consequences of harmful use of alcohol demand the implementation of further measures ... to reduce the amount of alcohol we drink” (Holland, 2012).
- Australia, New Zealand, Welsh and South African governments have all indicated an intent to ban alcohol sponsorship.
- The British Medical Association urged the UK government to pass a law that would include banning all sports and music sponsorships by alcohol companies. The government acted on many facets of their recommendation with multifaceted restrictions on the alcohol industry, but to this point have excluded a sponsorship ban from their regulations.

**Gambling**

Like tobacco and alcohol, gambling has had a long relationship with sport. A contemporary description of crowds en route to the Circus Maximus in Ancient Rome observed they are “already in a fury of anxiety about their bets” (Sauer, 1998), while a close relationship has been documented between gambling and cricket and baseball in eighteenth- and nineteenth-century Britain and the USA, respectively (Munting, 1996). One historian, for example, contended that at the onset of the twentieth century its popularity with gamblers meant that, “baseball was an important nexus between urban machine politics and organized crime,
albeit a lesser one than prize fighting or horse racing” (Riass, 1999, p. 87). There have been many cases of game fixing, including the notorious Chicago White Sox players alleged to have fixed the 1919 Baseball World Series for $100,000. All of the major US professional sports leagues over the years have had to address betting scandals (McDaniel et al., 2004).

Given this heritage, it might be expected that sport leagues and properties would be wary of entering into sponsoring agreements with gambling companies. In the USA such links are generally prohibited by the sports leagues, although they do allow sponsorships by state lotteries. Nevertheless, in recent years legal constraints on gambling have been relaxed, so it has become more widespread and expanded the types of gaming activities on offer.

There are two dimensions to the issue of sport sponsorship and gambling. The first dimension is that the clubs are promoting a potentially risky behavior of gambling problems that is increasingly recognized as a public health issue and that this abrogates their responsibility to be socially responsible. The target groups known to be at highest risk for gambling problems are young males and adolescents who both tend to relate to sports.

The second problematic dimension for sport managers relates to gambling posing a threat by introducing incentives for corruption. In recent years, it has been rampant. For example, in US college basketball most betting revolves around whether a team will “beat the spread”, rather than win or lose the game. This means athletes can be on the winning team and at the same time engage in corrupt actions that reduce the winning margin. This enables them to profit if they bet against their own team on the spread. Using a “forensics economics” approach, it has been estimated that this “point shaving” occurs in as many as 1% of college games (Wolfers, 2002).

The emergence of “proposition bets” in recent years has been especially troublesome. These relate not to the result of a game but to some aspect of it. For example, a retired English Premier League (EPL) player who made 400 appearances for his team said players would deliberately manipulate set pieces such as corners and throw-ins:

For a while we did this almost every week. We made a fair bit of money. We could make deals with the opposing captain, for example, betting on the first throw, the first corner, who started with the ball, a yellow card or penalty. Those were the sorts of things we had influence over. (Jackson, 2012)

Soccer is the world’s most popular sport, but it may also be the world’s most corrupt sport. European police investigations identified hundreds of matches, including some involving the World Cup, the European Championships and the Champions League, that had been fixed by corrupt global betting syndicates, many of which are based in Southeast Asia. The biggest betting companies transact around $2 billion a week, which makes soccer gambling an attractive target for criminals (Tatlow, 2013). The preferred method of fixing the outcome of games or “proposition” bets is by bribing referees, but there are also numerous examples of players and coaches cooperating with criminals to fix outcomes. For example, in international soccer matches involving African teams and a South African promoter, referees were bribed to award multiple penalties to a specified team. When the fix was arranged, organized gangs across Southeast Asia employed hundreds of people to place a series of bets up to $3000 – the theory being that smaller bets were less likely to draw suspicion (Chapman, 2012).

Many of these betting companies are based in Asia and the worldwide reach of the EPL enables them to use their
sponsoring EPL teams as a platform to establish credibility in their home markets. While these partnerships give respectability to the companies, there may be a risk that their pervasiveness and the unsavory connotations associated with gambling in sport may damage the perceived integrity of the teams and the league. Despite these linkages, sponsorship by gambling companies in soccer is flourishing. For example, betting companies have been the major shirt sponsors in the EPL with 7 of the 20 teams being sponsored by them either currently or in recent years:

- Aston Villa - Genting Casinos
- Stoke City - bet365
- Sunderland - Boylesports (terminated 2010), Tombola (terminated 2012)
- Swansea City - 32 Red (who formerly sponsored Aston Villa)
- Tottenham Hotspur - Mansion Casino (terminated 2010)
- West Ham United - Sbobet
- Wigan Athletic - 12Bet (who replaced 188Bet)

The EPL is an obvious vehicle for betting companies since the people most likely to bet on sports are sport fans. After Bwin signed a three-year agreement with Manchester United to become the club’s “official online gaming and betting partner” (one of the club’s 32 different sponsors), the company’s CEO stated:

As Europe’s leading online sports betting operator, football is fundamental to our long-term success, making up approximately half of our total sports betting revenue of 261 m euros ($320 million). Manchester United has 569 million followers outside of Europe, providing us with a great opportunity to offer jointly designed and innovative products in countries that do not yet allow real money online sports betting.

This partnership complemented Bwin’s existing sponsorship with the Spanish team Real Madrid, which competes with Manchester United for the title of world’s best known soccer club (Chapman, 2012).

The gambling problem is not confined to college basketball and professional soccer. For example, a top player on the pro tennis circuit commented, “Everyone knows cheating goes on.” In tennis, a favored player can retire from a match by feigning injury and thus gift a win to the underdog (Doughty, 2012).

In this environment, is it appropriate for sport properties to be partners with betting companies? The danger of the sport/gambling companies relationship was identified by the International Olympic Committee President who said that betting-related corruption was as big a threat to the integrity of sport as doping:

It is a world problem and it is a very pernicious problem. With the introduction of broadband, you can bet worldwide. The danger is in match fixing and you see more and more attempts to manipulate matches. It is as dangerous as doping for the credibility of sport. (Goodley, 2012)

It has been suggested that, “The crux of the matter seems to be short term financial gain versus the long-term outlook concerning the integrity of contests as well as the image of sports organizations” (McDaniel et al., 2004, p. 302).

The dangers of sport associating with gambling were recognized by the European Court of Justice which stated in the *Bwin vs Santa Casa* case there was a possibility that an operator which sponsors some of the sporting competitions on which it accepts bets and some of the teams taking part in these competitions, may be in a position to influence their outcome directly or indirectly, and thus increase its profits. (*Liga Portuguesa v. Departamento de Jogos, 2009*)

The court’s concern was that commercial gambling providers could use their sponsorship position to influence the results of
matches or to gain access to insider information. A similar view was taken by the Council of Europe in an Adopted Resolution of 22 September 2010 which stated, “Betting operators should be banned from funding or sponsoring teams or individual competitors if they manage bets placed on competitions in which they are participating.”

**Products high in fat, salt or sugar**

The targeting of youth by fast-food and sugar drinks companies has emerged as an ethical concern. These HFSS products are being increasingly regulated, albeit at a relatively minor level at this point. For example, in the UK, television advertisements for these products must not be shown on or around programs that may appeal to children under the age of 16. Given the growing concerns of societies about obesity, it seems more restrictive legislation is likely in the future.

Sport is acknowledged by HFSS businesses as being an effective vehicle for reaching the critical youth market. Asked why McDonald’s invest so much in sport, the company’s director of worldwide marketing said, “It is important that we build brand loyalty with kids... sponsorships are a great way to accomplish this” (Kelso, 2004). One expert on food policy commented:

> It is very convenient for fast food and soft drink people to sponsor sport, because by doing so they place all the emphasis on activity as the means of avoiding obesity rather than both activity and diet. There is a similarity between the strategy of the food industry today and the tobacco industry. Both have used sport as a means of reaching young people and both began by denying evidence that their products are harmful to health. There is a horrible familiarity in the way the food companies have behaved; they are trying to buy influence and present a kindly face. (Kelso, 2004)

The London Assembly is a 25-member elected body that scrutinizes the activities of the Mayor of London and with a two-thirds majority has the power to amend the Mayor's budget or overturn his strategies. In advance of the London Olympics the Assembly passed a motion to recommend that the IOC introduces criteria for the selection of future Games that exclude food and drink companies strongly associated with high calorie brands and products linked to childhood obesity and to encourage national organizing committees to adopt similar criteria.

The chair of the Assembly who proposed the motion said:

> London won the right to host the 2012 Games with the promise to deliver a legacy of more active, healthier children across the world. Yet the same IOC that awarded the games to London persists in maintaining sponsorship deals with the purveyors of high calorie junk that contributes to the threat of an obesity epidemic.

The Assembly believed that allowing companies like McDonald’s and Coca-Cola to be featured as The Olympic Partner (TOP) sponsors contradicted the goal of leaving behind a healthy legacy for children (“London 2012 Olympics”, 2012)

The conundrum of selecting between revenue enhancement and health concerns over fast food is particularly prominent in the high-school context. It is common for soft drinks companies to provide sponsorship money to fund high-school sports in the USA, which provokes the questions: does pairing sport and HFSS foods and drinks implicitly communicate that one can eat them and still look and feel like an athlete? Should high-school sport events be used to promote consumption of a product that the US Department of Agriculture and all reputable health nutrition texts urge students to avoid? Does it make sense for the school to be teaching avoidance in the classroom and to encourage use on the sports field? There appears to be an ethical issue
with schools embracing a set of values they probably should be against.

The fast-food industry is under attack from a growing army of lawyers, doctors and ordinary citizens. Elected officials are coming under pressure to pass laws limiting the junk food sold in schools and to regulate the marketing of products high in fats, sugar or salt. “Big Food” is becoming a target of protest just as “Big Tobacco” was in the 1990s. Protestors are campaigning for fast-food companies to put cigarette-style warning labels on their food. Junk-food makers have to appeal to children to sell their products. They need to create customers, but is this something that sport managers should support through accepting sponsorship from such companies? Everyone can get excited at the revenues these sponsors bring to the organization, school or association, but don’t sport managers have an obligation to ask whether these products are good for the people being targeted before accepting them as sponsors (Tyre, 2002)?

Other concerns relating to corporate responsibility

In most of the cases described to this point, the nexus between products and their allegedly detrimental health impacts is highly visible. Many other corporate social responsibility issues are less obvious. For example, McDonald’s has been accused of accelerating the destruction of rainforests to make way for cattle ranches; wasteful production and disposal of its packaging; and cruelty to animals (Slack & Amis, 2004).

Florida Atlantic University (FAU) agreed a $6 million naming rights deal to be paid over 12 years for its new 30,000-seat football stadium with GEO Group. The $3 billion company is one of the largest operators of for-profit prisons in the USA (it also operates in the UK). Its headquarters are in Florida, and its chairman was a FAU alumnus and former member of the school’s board of trustees. GEO have been the target of numerous lawsuits and allegations claiming prisoner abuse, which has resulted in them paying out millions of dollars in fines and penalties. A US judge described one GEO facility for teenaged prisoners as “a cesspool of unconstitutional and inhuman acts and conditions” and “a picture of such horror as should be unrealized anywhere in the civilized world” (Hyde, 2013). Outrage from South Florida communities, which are highly sensitive to immigration and human rights violations; campus protests; and campaigns by civil rights groups caused the agreement to be mutually terminated (Muret, 2013). Presumably, both the negative reputational outcome for FAU from associating with a company perceived by some to be a pariah and the widespread negative publicity drawing attention to GEO’s transgressions persuaded both parties to withdraw from the agreement.

Wonga is the UK’s highest profile payday lender. When Newcastle United signed a £6 million a year shirt sponsorship with the company, there was a loud outcry. The city’s leaders were unanimous and outspoken in their condemnation of the sponsorship. The president of the city council called it “disgraceful” saying it “undermines all the work we are doing to crack down on legal loan sharking”. The head of the team’s fan club described the deal as “shameful” and said “it tarnishes the club’s name, image and reputation.” A local MP accused Wonga of “legal loan sharking” and said, “It is only through preying on families struggling to make ends meet that Wonga has made enough money to be able to sign this deal with Newcastle” (Conn, 2012).

The partnership was consummated, which suggests the Newcastle club owner believed the fans’ outrage would be ephemeral and would not inflict damage on his property. However, Bolton Wanderers F.C.’s owners reached a different conclusion (Kent, 2013). Their fans protested so
An ongoing challenge for sport apparel companies is to address allegations that their products are produced in “sweatshops” in underdeveloped countries where workers (predominately women and children) are paid low wages; have minimal safety and environmental standards exposing them to dangerous machines and harmful chemicals; and are required to work long hours at unrealistic speeds with no access to unions. Nike, adidas, Reebok and others face continual criticism. Nike, for example, owns 11 factories in Indonesia that produce 5.5 million shoes, mostly for the US market. The company’s typical response to these allegations is: “Nike believes wages are best set by the local marketplace in which a contract factory competes for its workforce” (Bloomberg Businessweek, 2006).

Organizations such as United Students Against Sweatshops urge these companies’ products be boycotted. To this point, the protests appear to have gained little traction among the general population, but this may change as corporate social responsibility emerges as an expectation rather than a discretionary philanthropic behavior. Adidas, a TOP sponsor of the London Olympic Games and the maker of Team GB kit, was the focus of sweatshop protests around the Games. For example, campaigners from War on Want released a 90-second video on YouTube alleging exploitation of workers. Their spokesman stated:

adidas has 775,000 workers making products in 1,200 factories in 65 countries. What’s shocking is at a time they are spending $100 million alone on the sponsorship deal with the Olympics, and the additional deals with the athletes, similar amounts of money are not being spent on real improvements in workers’ rights. (Bowater, 2012)

Mega events provide a platform which activists and protest groups increasingly use to further their own agendas. The platform has been created at great expense by
others and is paid for, at least in part, by sponsors. Activists have become skilled in using it to garner the attention of global media, some of which are likely to be responsive to controversial-event-related stories. Sporting goods are a high-profile part of the garment industry and activists sometimes are able to suggest the sport companies’ practices are contrary to the event’s professed ethos of “fair play”. For example, the Olympic Charter states, “Olympism seeks to create a way of life based on … respect for universal fundamental ethical principles.”

In some instances, the negative connotations associated with a company may be public perceptions based on a distorted view of the actual facts. Nevertheless, the risks of damage to the sport property’s image remain. Dow Chemical’s involvement with the London Olympics illustrates how this might occur. Dow was a TOP sponsor of the London Olympics. They committed $100 million to the IOC over a 10-year period. As part of their sponsorship, the company agreed to pay $7 million for a “wrap” of polyester and polyethylene fabric panels which would encircle the main Olympic stadium. In return, it secured the right to brand the surfaces with its name until the eve of the Games.

In 1999 Dow had bought Union Carbide, another chemical giant, which had come to public attention 15 years earlier when a dilapidated plant belonging to its Indian subsidiary in Bhopal, a city of 1.7 million people in the central Indian state of Madhya Pradesh, exploded and filled the air with gases, principally methyl isocyanate, an ingredient in pesticides. Some 3000 people were killed in the first few weeks, many more have died in the years since then, and the death toll directly attributable to the world’s worst industrial disaster now stands at around 11,000 in the most conservative estimate (the true total may be over 20,000). Dow bought Union Carbide seven years after the Indian subsidiary had been divested by Union Carbide to a third company McLeod Russel India Ltd. Dow’s spokesperson said, “We didn’t buy the Indian assets or liabilities because Union Carbide had sold them to McLeod Russel. Are we responsible? Legally? No. Morally, ethically? No.”

Despite Dow’s claims of severance from the disaster and the Indian government accepting a $470 million payment in final settlement of any obligations, a petition was organized to protest Dow’s sponsorship of the wrap, and to try and galvanize public support to persuade Dow that it should regard Bhopal as its obligation. It had some success, since in the British Parliament, the Shadow Olympics Minister who played a key role in securing the London Olympics when her party was in power and she was a cabinet minister, and who was still on the board of the London Organizing Committee said: “It’s better that we have an unwrapped stadium, rather than a stadium wrapped in the continuing controversy over Dow Chemical’s sponsorship.” Another elected official said, “This is damaging the credibility of London and the Games.” Dow was defiant, with their vice president for Olympic operations stating: “This issue is not our issue. We’re not going to be bullied by activists or politicians” (Gibson, 2012). The relationship of these issues to sport properties may seem tenuous, but the Dow Chemical case illustrates their potential for impugning a property’s reputation. Enhanced telecommunications and globalization suggest ethical conundrums for sport properties of this type will occur with increasing frequency.

Perhaps the worst scenario for a sport property is when the disreputable behavior of a prominent sponsor partner rises to the level of high-profile criminality. The exemplar of this situation was Enron’s 30-year, $100 million agreement with the Houston Astros Major League Baseball franchise for the naming rights to its new stadium. When the agreement was signed, Enron
Corporation was America’s seventh largest company. The Enron Field name was on all exterior and interior signage, uniforms worn by game-day staff, cups, plates, napkins and tickets.

When Enron collapsed as a result of unethical practices, tens of thousands of people experienced financial hardship through the loss of their jobs, pensions, funds or stock. To the Houston and broader American public Enron quickly became a pariah. The name became synonymous with unethical behavior, shame and failure. The continued use of the name Enron Field stigmatized the Astros. Their spokesperson noted,

The Enron logo displayed on the stadium wrongly suggests to the public that the Astros are associated with the alleged bad business practices of Enron... The current perception of Enron is incompatible with the honesty and integrity embodied in baseball as America’s pastime and espoused by the Houston Astros. (Easton, 2002, p. A5)

The trustees acting for Enron’s creditors refused to surrender the naming rights because they regarded them as an asset that had value. Ultimately, the Astros paid $2.1 million to Enron to remove the company’s name from the stadium.

After legendary Pennsylvania State University football coach, Joe Paterno, was criticized by the official report into the child abuse conviction of his longtime assistant football coach, Nike removed his name from its child-care center. This was an honorary title without the quid pro quo which is associated with naming rights agreements, so unlike the Enron case there was no legal problem in taking action. This was also the case at Villanova University where John E. DuPont gave $5 million to build a recreation center which was named the DuPont Pavilion. However, in a high-profile court case some years later, DuPont was convicted of murder (Cohen, 1999).

Fortunately for Villanova there was no formal written agreement requiring the school to retain the name and it was able to simply call the center, The Pavilion. The potential of corporate or individual donor partners’ names becoming an embarrassment at some time in the future suggests that contracts should contain a clause that provides a dissociation option if a donor or corporate partner embarrasses a college or franchise. Companies commonly include such clauses in contracts with celebrity endorsers and this appears to be an analogous situation (Blumenstyk, 1995).

Obviously, no sport organization would enter into a partnership knowing that the sponsor would damage its reputation, but there are occasions when this may occur inadvertently. The nuances involved in potential relationships that could result in negative outcomes to a property were illustrated by the Women’s Tennis Association Tour which rejected a $10 million offer by Tampax tampons to become the sport’s global sponsor because the tour feared the affiliation would adversely affect the image and marketability of women’s tennis. Local tournament sponsors did not want to be associated with a Women’s Tennis Association Tour presented by Tampax. The tour spokesman commented,

No doubt it would have been great to work with a top flight company like Tambrands, but whether the offer was $3 million or $10 million, image is image, and we received a tremendous backlash for even considering the proposal.

A local tournament director added,

I see complications in it. It didn’t make me feel comfortable, and I sensed it might not be perceived as positive by my title sponsors and by the public in general. You could almost hear the Letterman [host of a late night network television talk show] jokes and, if you want to deal with reality, the hecklers. (Finn, 1993, p. B6)
Over-commercialization

There is a concern among some that the pervasiveness of sponsorship in elite sport and the commercialization that accompanies it may over the long term erode the fan base upon which it depends. In the case of soccer, for example, it has been argued:

The drive for profit that underpins the embrace of sponsorship encourages the club to erode the emotional bond between club and the traditional supporter. This “fan equity” is the traditional economic basis of the club because the passion shown by the spectators at the ground is what produces the spectacle that makes football a televisual product. However, fans lured by the televised product, which sponsorship demands, see the game as entertainment not as emotional attachment. The net effect of sponsor-driven televised sport may then be to destroy “fan equity” by driving them from the grounds to which they may never subsequently return. (Slack & Amis, 2004, p. 281)

The likelihood of an over-commercialization backlash is most prominent at the grade school level. The following vignette illustrates the issue:

- Fila USA and Footlocker invested $1.5 million over three years to remove or refurbish dilapidated basketball backboards in 825 New York City elementary and junior high-school playgrounds, and to maintain them. In exchange the companies’ logos appeared on the backboards above a motivational message such as “Stay in school”. A segment of the community protested vigorously at the “corporate takeover of classrooms, gyms and arenas to sell kids products they don’t need or can’t afford” (Davis, 1994).

Charges of over-commercialization are especially prone to occur when long-established community names on stadiums are replaced by corporate names. Names matter, they have power and meaning. A name is not merely a label, it is a shorthand for describing who or what someone or something is. If the entity bearing the name is important to people, then it follows that the name matters.

Changing a name changes the relationship with the thing being renamed. When a facility has a long-established, beloved heritage name, it is likely to be associated with fond memories stretching back across generations. If it is changed, many will feel a loss of ownership, continuity and history. As a result, those involved in making such a change are likely to be subject to opprobrium, ridicule and regarded with contempt by many. When the storied New York Yankees moved to their new stadium in 2009, their management recognized the power of the stadium’s cultural meaning. Consequently, they avoided upsetting fans by retaining the “Yankee Stadium” moniker at their new site and resisting the temptation to sell naming rights at it. However, they did sell rights for entrances and concourses.

The new Malaysian businessman owner of Cardiff City F.C. changed the team’s traditional blue uniforms to red and incorporated a new badge featuring a red dragon when the club was promoted to the EPL. There was speculation he would rename and rebrand the team as the Cardiff Dragons. A red dragon is the central feature of the flag of Wales. The intent was to position the team as “the club of Wales” to broaden its support base beyond the city of Cardiff, and to enhance its appeal in the Far East where red is considered to represent “good fortune”.

These actions at Cardiff City were taken while recognizing that “history and traditions are the lifeblood of any club and should be zealously guarded and preserved,” and “it is a radical and some would say revolutionary move, which will be met with unease and apprehension by some.” There was controversy, but the changes were generally accepted by the fans because their
attributions were positive. They perceived the owner to be an honorable man with a sincere interest in the club’s long-term well-being, and his motives to be to enhance the club’s economic resources and viability (BBC Sport, 2013).

In contrast, when Newcastle United was purchased by a new owner, and he changed the team stadium’s 119-year-old name from St. James’ Park to SportsDirect.com @St. James’ Park so it incorporated the name of his sports equipment company, the action was greeted with massive outrage from all sections of the city. While no additional revenue accrued to the club from this naming right, the owner’s intent was to use his company’s name to showcase the potential of the stadium naming rights to other companies that might purchase them. His expectation was that the naming rights would sell for about $15 million annually. There was no interest. Indeed, the name became fodder for comedians’ jokes and was subjected to national ridicule. The owner persevered. He attributed the lack of interest to companies wanting the opportunity to fully rebrand the stadium, rather than only to attach their name to St. James’ Park. Accordingly, he changed the showcase name to Sports Direct Arena. The fans were even more intensely affronted, and were scathing and unstinting in their criticism. They attributed his motives to be selfishly directed at enhancing the commercial success of his own business interest, rather than those of the football club. The end result was fan alienation and contempt for the owner; extensive and extended national and local negative publicity for his company; and creation of a toxic environment which destroyed any interest among potential stadium naming rights purchasers. The situation was only resolved when the club negotiated a shirt sponsorship agreement with a payday loan company, which was described by the local MP as a “financial predator”. To ameliorate criticism of the partnership and win over the club’s supporters, the company’s sponsorship fee included restoration of the stadium’s traditional name of St. James’ Park (Edwards, 2012).

In addition to being sensitive to fan sentiments, companies considering naming rights also have to scan the broader political environment. The challenge was illustrated by Citigroup’s conundrum relating to its $400 million investment of $20 million a year for 20 years for the naming rights to Citi Field which was intended to make the company’s name synonymous with New York baseball. The agreement was signed in 2006, but when the Great Recession arrived in 2008 Citigroup received a $306 billion bailout loan from the U.S. Treasury to insure loans and asset-backed securities, and laid off 52,000 employees. Many in the media and the U.S. Congress urged the company to “Scrap the deal with the stadium and make sure you take care of these folks who have mortgages” (Nasaw, 2008). It was pointed out, “Even in the flush times during which it was signed, the deal seemed questionable. With high name recognition and a place among the world’s banking leaders, Citigroup hardly needed the Citi name plastered on a ballpark to enhance itself” (Sandomir, 2008, p. 3). The company’s rationale for retaining the naming rights agreement was that it “provides an incredible platform to promote our world-class brand, enhance our relationship with current clients, attract new clients and expand our considerable community efforts” (Sandomir, 2008, p. 3). It was pointed out that for a company as big as Citigroup, $20 million a year for naming rights is pocket change. Still, the spending is symbolic. It’s on a baseball stadium in a gloomy economy, an investment that seems to thumb its nose at laid off workers. (Sandomir, 2008, p. 3)

Despite the criticism the naming rights agreement remained in place.
While facility naming sponsorships are widely accepted by the four major US professional leagues – NFL, NBA, MLB and NHL, this has not been extended to shirt or apparel naming rights. There is a belief that fans see their teams’ shirts as sacred real estate. Thus, in an attempt to ameliorate the charges of over-commercialization some US sport governing bodies, including the National Collegiate Athletic Association, NFL and NBA, have imposed rules limiting the size of corporate logos that can be displayed on team uniforms. For example, the NCAA’s uniform rules limit the size and number of manufacturers’ logos on game jerseys to “a single manufacturer’s logo not to exceed 2 1/4 inches square”. A similar limitation is imposed on socks, headbands and wristbands.

The definition of what constitutes “over-commercialization” is culturally specific, rather than generic, so what is acceptable cultural behavior in one context may be unacceptable to others. Thus, in Six Nations Rugby Union sponsors’ names are permitted not only on the perimeter, but also on the middle of the pitch and the dead-ball areas. In contrast, the playing areas have always been considered sacrosanct in US major league sports. Thus, when Columbia Pictures and Marvel Studios wanted to put logos for their upcoming film “Spiderman 2” on the bases and on-deck circles in 15 stadiums to exploit their rights as a sponsor of MLB, there was fan outrage and media coverage that labeled baseball as reaching a “greedy new low”. As a consequence MLB quickly reversed its decision to authorize those actions (Masterman, 2007, p. 251).

Major League Soccer (MLS) in the USA does not have the long heritage and entrenched traditions of the four major US sports leagues and so has been able to sell shirt sponsorships without arousing fan alienation. The back of club jerseys is reserved for league-wide sponsors, but the front is available for individual club shirt sponsors. The league established a floor of $500,000 per year for this. Unlike the EPL, MLS prohibits online gambling companies from jersey sponsorships. The amount companies are willing to pay to use MLS teams as a platform for connecting their brands to team supporters pale alongside EPL contracts, but it has increased substantially in recent years. Vitamin manufacturer, Herbalife, paid the Los Angeles Galaxy $4.4 million for shirt and team naming rights for the 2012 season, which is the highest value MLS jersey sponsorship to this point.

From a corporate sponsor’s perspective, shirt naming rights are likely to be preferable to facility naming rights, because they have the added value not only of appearing in front of live crowds but also on television and in press action photographs. In addition, they appear on the replica uniforms purchased and worn by fans of the teams. Thus, shirt sponsorship creates thousands of “mobile billboards” displaying a company’s name in every park and open space in countries where children seek to emulate the skills of their team idols, and these shirts are also worn by older people as casual leisure wear.

In their ongoing search for new revenue sources, it seems likely that the US major leagues ultimately will follow the European soccer precedent and embrace shirt naming rights. Indeed, the Women’s National Basketball Association (WNBA) began to pave the way for this to occur when the Phoenix Mercury signed a three-year sponsorship worth $1 million annually with an identity theft protection company, and other WNBA teams quickly followed this precedent. The minor league arm of the NBA, the NBA Development League, has also moved into uniform sponsorship. In 2012, the NBA owners discussed the potential of jersey sponsorship and the deputy commissioner stated:
If we add sponsor logos to jerseys, we recognize that some of our fans will think we’ve lost our minds. But the NBA is a global business and logos on jerseys are well established in other sports and commonplace outside the U.S. (Sandomir, 2012)

Similarly, the NFL revised its rules to edge into jersey sponsorship by authorizing practice team jerseys to carry the name of a sponsor on a $3\frac{1}{2}-4\frac{1}{2}$ inch patch.

**CONCLUDING COMMENTS**

In most product classes, different companies’ offerings are functionally similar. To differentiate their product from those of others, companies seek to create strong brand equity. When they partner with a sport property, sponsors seek brand image transfer. This involves “borrowing” some of the property’s attributes and transferring them to the companies’ brands. When a sport property signs an agreement with a sponsoring brand, it authorizes some of its reservoir of both property attributes and fans’ emotional capital to be transferred to the sponsor. In crude terms the company says, “We want our brand to have this set of image attributes that you possess.” The sport event says, “We will convey that set of image attributes to you for a price.”

However, this affinity with corporate sponsors has the potential to operate in reverse. That is, if the attributes of the brand or product resonate strongly with the sport property’s supporters, then the direction of image transfer could be from sponsor to sport property. If these attributes are negative, then balance theory suggests they could hurt the sport property’s reputation. As an experienced sponsorship manager observed: “Sponsorships are essentially risky” (D’Alessandro, 2001, p. 72).

This paper has suggested that there are two sources of potential negative image transfer for sport properties: operational and reputational. Operational risks may emanate from sponsors insisting on changing the rules or format of an event which may offend traditionalists whose deep passion and emotional identification with the sport or team makes them prime targets for sponsors; or from sponsors exercising undue influence on an event’s content, location, timing or participants. Reputational risk springs from over-commercialization which may erode “fan equity”. This is a particular concern when a long-established heritage name of a facility is replaced by a corporate name. The other, and perhaps more potent reputational risk, is for sport properties to partner with tobacco, alcohol, gambling and HFSS products, where there is increased public sensitivity to their negative health impacts. Similar controversy may emerge around issues of corporate social responsibility as expectations grow regarding the impact of a company’s actions on society.

Fans’ passion and emotional attachment to a team or event may enable them to disregard any misgivings they have toward sponsors. Balance theory explains such behavior. Thus, sport owners and managers, for the most part, did not voluntarily forego sponsorship by tobacco companies and, at this point, most of them show little inclination to voluntarily forego sponsorship from any of the remaining three controversial product classes, or from companies perceived to lack social responsibility. However, in all three cases there are fans and others who use sport as a platform to address the wider social issues associated with these types of sponsors. Public mores and norms on these issues are changing and sensitivity to them is increasing. Sport is not immune to shifts in public opinion, so it is likely that public sentiment, reflected in government regulatory action, will require sport properties to conform to these emerging trends to protect their reputations and viability.
Tobacco sponsorship has been banned. Alcohol, gambling and HFSS companies are all operating in an environment that is more regulated than it was a decade ago and which seems likely to become more restricted in the years ahead, and demand from society for corporate social responsibility is growing. Well-documented social and health problems and costs are associated with all of these product classes and industries. The parallels between their current societal status and that of tobacco 15 years ago are striking. It can be anticipated that there will be increasing pressure on sport managers to justify why they are partnering with these industries, given their negative impact on society.

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