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## CHAPTER 2

### SPORT SPONSORSHIP IN THE MARKETING COMMUNICATION MIX

#### 2.1 INTRODUCTION

It is essential to regard marketing as a business function with a view to properly understand where sponsorship fits into the marketing mix and, ultimately, into the marketing communication mix. Marketing is defined as the process by which businesses create value for customers and build strong customer relationships in order to capture value from customers in return (Kotler & Armstrong, 2010:29). Perreault *et al.* (2008:119) emphasise that in order to survive in a progressively competitive environment, a business must provide its customers with more value than its competitors, while considering value from the consumer's perspective. These authors explain that providing superior value requires that the business should anticipate and react to consumer needs more effectively than its competitors, which is the essence of a good marketing strategy.

Pride and Ferrell (2009:34), in turn, note that the selection of a target market serves as the basis for creating the marketing mix with a view to satisfy the needs of that market. The term marketing mix refers to a unique blend of product-, place-, promotion- and pricing strategies designed to produce mutually satisfying exchanges with a target market (McDaniel *et al.*, 2008:48). Lamb *et al.* (2008a:396) assert that the function of a marketer's promotional mix within the marketing mix, also known as marketing communication mix, is to convince the target market that the goods and services they provide have a competitive advantage.

This chapter provides an overview of marketing as a business function with a view to indicate where the marketing communication mix is positioned within the broad field of marketing. The marketing mix will be discussed and the focus will narrow towards the promotional- or marketing communication mix. For the purpose of this study, closer examination to sponsorship as a marketing communication tool is also necessary; the chapter concludes with an overview of sport sponsorship and its importance within the marketing communication mix.

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## 2.2     **MARKETING**

The official definition of marketing provided by the American Marketing Association in 2006 proclaims that marketing is a business function and a set of processes for creating, communicating and delivering value to customers, as well as for managing customer relationships, in a way that benefits the business and its stakeholders (Keefe, 2008:29). The author argues that this definition explicitly recognises the roles of non-marketers to the marketing process, whether they are the customer, channel partners or government agencies who regulates marketing.

McDaniel *et al.* (2008:6) affirm that marketing entails two facets that are also included in to above definition. Firstly, marketing refers to the philosophy, an attitude, a perspective, or a management orientation that stresses customer satisfaction; and secondly, marketing is a business function and a set of processes used to implement this philosophy. McDaniel *et al.* (2008:2) assert that marketing as a business function cannot be accomplished in isolation. These authors explain that although ownership of the marketing function remains with the marketer, the concept of marketing must permeate the entire business.

Hoyer and McInnis (2008:16) further note that marketing is a managerial as well as a social process through which individuals and groups obtain what they need and want by creating and exchanging products or services of value with others. Marketing occurs when people decide to satisfy their needs and wants through an exchange relationship (Kotler & Armstrong, 2010:31). These authors define exchange as the act of obtaining a desired object from someone by offering something in return.

Other authors define exchange as the provision or transfer of products, services or ideas for something of value (Pride & Ferrell, 2009:7). Fill (2005:8) states that for an exchange to take place, there must be two or more parties, each of whom can offer something of value to the other and who are prepared to enter freely into the exchange process, called a transaction.

Hawkins and Mothersbaugh (2010:11) claim that customer value is the difference between all the benefits derived from a total product and all the costs of acquiring

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those benefits. Kotler and Keller (2009:45) continue that exchange is the core concept of marketing, and is described as the process of obtaining a desired product or service from someone by offering something in return; and in doing so, creating value.

The strategic marketing of products and services aims at finding a competitive edge on the market, by identifying the different needs in the market and doing so better than others (McDaniel *et al.*, 2008:36-41). Hawkins and Mothersbaugh (2010:11) emphasise that in order to survive in a progressively competitive environment, a business must provide its target consumers with more value than its competitors, whilst at the same time considering value from the consumer's perspective. These authors explain that providing superior value requires that the business should anticipate and react to consumer needs more effectively than its competitors, which is the essence of a good marketing strategy.

### **2.3 THE MARKETING STRATEGY**

The marketing strategy is defined as the marketing logic by which a business hopes to create value for customers (Kotler & Armstrong, 2010:72). Furthermore, these authors argue that this strategy include decisions about which customers to serve (segmentation and target marketing) and how these customers will be served (differentiation and positioning). Hawkins and Mothersbaugh (2010:11) explain that the basis of a marketing strategy is an understanding of those consumers that the business wishes to target. The authors elaborate that the consumers' reaction to the marketing strategy determines the business' success or failure.

Target marketing is done by identifying the total market, then dividing it into smaller segments, selecting the most promising segments and focusing on serving and satisfying the customers in those segments (Kotler & Armstrong, 2010:72). Perreault *et al.* (2008:7) assert that a marketing strategy should begin with anticipating potential customers' needs. The most basic concept underlying marketing is that of human needs (Kotler & Armstrong, 2010:30).

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These authors continue that such needs include physical needs for food, warmth, clothing and safety; social needs for belonging and affection; and individual needs for knowledge and self-expression. These needs are not created by marketers – rather, they are part of the general human makeup (Mullins *et al.*, 2005:7). These authors continue that an unsatisfied need is a gap between a person’s actual and desired state on some physical or psychological dimension.

On the other hand, Mullins *et al.* (2005:8) argue that when basic needs exist, a number of ways can be developed in order to satisfy these needs in a unique way. This approach is called addressing consumer’s wants. The authors elaborate that wants reflect a person’s desire or preferences for specific ways of satisfying a basic need. Furthermore, basic needs are few and cannot be created, but consumers’ wants are shaped by social influences, past consumption experiences as well as their history (Mullins *et al.*, 2005:8). Once backed with buying power, wants become demands (Kotler & Armstrong, 2010:30).

These authors state that given a consumer’s wants and buying power, these consumers demand products with benefits that add up to the most value and satisfaction. Marketers must develop a new product or service and then stimulate customer wants for this by convincing them that the product or service can help them to better satisfy one or more of their needs in a unique way (Mullins *et al.*, 2005:8).

Consumers’ needs and wants, and ultimately their demands, are fulfilled through market offerings, some combinations of products, services, information and experiences offered to a market (Kotler & Armstrong, 2010:30). Products and services help to satisfy a customer’s needs when they are acquired, used or consumed (Mullins *et al.*, 2005:10). Consumers usually face a broad range of products and services that might satisfy a given need and they need to make a choice among these market offerings (Kotler & Armstrong, 2010:31).

Customer value refers to the relationship between benefits and the sacrifice necessary to obtain those benefits (McDaniel *et al.*, 2008:10). These authors elaborate that consumers will value products and services that are of the quality they expect and that are sold at prices they are willing to pay. Kotler and Armstrong

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(2010:31) further note that customers from a specific market form expectations about the value and satisfaction which various market offerings will deliver to them, and then buy accordingly. McDaniel *et al.* (2008:212) define a market as individuals or businesses with needs and wants, and with the ability and the willingness to buy a product or service.

The business must decide who they will be serving (Kotler & Armstrong, 2010:32). These authors continue that the business needs to commence by dividing the market into segments of customers (*market segmentation*) and selecting which segments it will pursue (*target marketing*). Similarly, Perreault *et al.* (2008:60) define a market as a group of potential customers with similar needs who are willing to exchange something of value with sellers offering various products and services which constitute ways to satisfy those needs.

McDaniel *et al.* (2008:47) assert that a marketing strategy involves selecting and describing one or more target market(s) and developing and maintaining a marketing mix that will produce mutually satisfying exchanges with target markets. Pride and Ferrell (2009:34) concur that the selection of a target market serves as the basis for creating a marketing mix to satisfy the needs of that market. Kotler and Armstrong (2010:72) again highlight that customers are positioned in the centre of all business activities, and the goal of business is to create value and to achieve profitable relationships. The authors continue that this process must be followed by the marketing strategy that, in turn, guides the designing of an integrated marketing mix to influence the target market's response to the product offerings.

Du Plessis *et al.* (2010:1) argue that the elements of the marketing strategy include the identification of the target market (positioning), the product, the price, the distribution and marketing communication tools (promotion). These authors continue that in the case of service marketing, additional elements include the process, the people and the physical evidence. These variables are traditionally known as the marketing mix tools, of which marketing communication is the most visible (Du Plessis *et al.*, 2010:1).

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## 2.4 THE MARKETING MIX

The term marketing mix refers to a unique blend of product-, place-, promotion- and pricing strategies designed to produce mutually satisfying exchanges with a target market (McDaniel *et al.*, 2008:48). Etzel *et al.* (2007:16) affirm that a marketing mix is the combination of a product, where and when it is distributed (place), how it is promoted (marketing communication), and its price. Together, these four components of the strategy must satisfy the needs of the target market and, at the same time, achieve the business' marketing objectives.

The four marketing mix tools are all interrelated and therefore decisions in one area affect actions in another (Etzel *et al.*, 2007:16). The business must blend all these marketing mix tools into a comprehensive marketing strategy that communicates and delivers the intended value to the chosen target market (Kotler & Armstrong, 2010:36). Each tool of the marketing mix poses a number of challenges to the marketing manager (Etzel *et al.*, 2007:16). These are discussed below.

### 2.4.1 Product

The core of the marketing mix and the starting point of the marketing strategy are the product offering and product mix (McDaniel *et al.*, 2008:48). These authors assert that a product can mean tangible goods, services or ideas offered. In the product mix, decisions need to be made about new products to introduce, managing existing products over time, or dropping products that are no longer viable (Etzel *et al.*, 2007:16).

The product does not only include the physical product, but also its packaging, warranty, after-sale service, brand name, image and value (McDaniel *et al.*, 2008:48). Etzel *et al.*, (2007:16) affirm that strategic decisions must also be made regarding branding, packaging, and other product features such as warranties. Pride and Ferrell (2009:6) believe that product variable decisions and related activities are important because they are directly involved with creating products that addresses customer's needs and wants.

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### **2.4.2 Price**

Price is what a buyer must give up in order to obtain a product (McDaniel *et al.*, 2008:49). These authors explain that price is often the most flexible and quickest of the four marketing mix tools to change. Setting the base price for a product is considered as being mainly a marketing decision (Etzel *et al.*, 2007:16). Other necessary strategic decisions discussed by these authors pertain to changing prices, pricing related items within a product line, terms of sale, and possible discounts to be given to customers.

Price is a critical component of the marketing mix, because customers are concerned about the value they will obtain in an exchange (Pride & Ferrell, 2009:6). These authors elaborate that price is often used as a competitive tool, for example high prices can be used competitively to establish a product's premium image. An especially challenging decision is setting the price for a new product (Etzel *et al.*, 2007:16).

### **2.4.3 Distribution (Place)**

Pride and Ferrell (2009:6) propose that in order to satisfy customers, products must be available at the right time at a convenient location. Place- or distribution strategies are concerned with making products available when and where customers want them to be (McDaniel *et al.*, 2008:48). These authors further note that the place strategy is also concerned with physical distribution, which involves all those business activities concerned with the storing and transporting of raw materials or finished products. Etzel *et al.* (2007:16) affirm that these strategies relate to the channel(s) by which ownership of products is transferred from the producer to the consumer and, in many cases, the means by which goods are moved from where they are produced to where they are purchased by the final consumer.

McDaniel *et al.* (2008:48) argue that the goal is to make sure that products arrive in a suitable condition at designated places when needed. Concurrently, Pride and Ferrell (2009:7) hold that when dealing with the distribution variable, a marketing manager makes products available in the quantities desired, to as many target

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market consumers as possible, while keeping total inventory-, transportation- and storage cost as low as possible. The marketing manager must also select and motivate intermediaries such as wholesalers and retailers to distribute their products (Etzel *et al.*, 2007:16; Pride & Ferrell, 2009:7).

#### **2.4.4 Marketing communication (Promotion)**

Belch and Belch (2004:22) note that the term promotion often creates confusion in the advertising and marketing fields. They continue that promotion is a tool of the marketing mix by means of which businesses communicate with their customers. For the purpose of this study, promotion will be referred to as marketing communication in order to prevent possible confusion. The major goal of the marketing communication of a business is to bridge the informational gap between producers of items and potential consumers (Belch & Belch, 2004:7).

Lamb *et al.* (2008a: 396) concur that the main function of a marketer's marketing communication strategy is to convince the target market that the products and services that they provide have a competitive advantage over the competition. These authors explain that a competitive advantage is the set of unique features of a business and its products that are received by the target market as significant and superior to the competition.

It is argued that the role of marketing communication in the marketing mix is to bring about mutually satisfying exchanges with target markets by informing, persuading and reminding them of the benefits of a business or a product (McDaniel *et al.*, 2008:49). Fill (2005:10) adds that marketing communication can be a differentiator, where there are little separating competing products and brands. The author continues that the communication surrounding the product or brand creates various images, and these enable the consumer to make a purchase decision.

Strategies are needed to combine individual methods such as advertising, personal selling and sales promotion into an integrated marketing communications campaign (Etzel *et al.*, 2007:16).

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In addition, promotional budgets, messages, and media must be adjusted as a product moves from the early stages to the later stages of its life-cycle (Etzel *et al.*, 2007:16).

Fill (2005:17) provides an extended definition of marketing communication as being the management process through which a business engages with its various audiences, by understanding an audience's communications environment. The author elaborates that businesses seek to develop and present messages for their identified stakeholder groups, before evaluating and acting upon the responses, by conveying messages that are of significant value. These strategies ensure that audiences are encouraged to offer attitudinal and behavioural responses.

According to Shimp (2010:10), marketing communications can be understood best by examining its two constitute elements: marketing and communications. This author defines communication as the process by means of which thoughts are conveyed and meaning is shared between individuals or between businesses and individuals. Kerin *et al.* (2009:464) defines communication as a process of conveying a message to others; they propose that this process requires six elements, namely a source (business/individual), a message (information), a channel of communication (salesperson/public relations tools), a receiver (consumers) and the process of encoding and decoding the message.

Marketing, on the other hand, can be seen as the set of activities whereby businesses create and transfer value between themselves and their customers (Belch & Belch, 2004:7). Taking the terms marketing and communication together, one can assert that marketing communication represents the collective tools in a brand's marketing communication mix that facilitate exchange by establishing shared meaning with the brand's customers and prospects (Shimp, 2010:10).

Marketing communication refers to the means by which firms attempt to inform, persuade, and remind consumers – directly or indirectly – about the products and brands they sell. It contributes to brand equity by establishing the brand in memory and creating brand image, and also drives sales and even affects shareholder value (Kotler & Keller, 2009:510).

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Lamb *et al.* (2008b:294) state that marketing communication is communication by marketers with a view to influence consumers' opinion or elicit a response.

The major forms of marketing communication are believed by Shimp (2010:7) to be personal selling, advertising, sales promotion, sponsorship, publicity and point-of-purchase communication. Kerin *et al.* (2009:466), on the other hand, are of the opinion that there are only five marketing communication tools – these are advertising, personal selling, public relations, sales promotions and direct marketing. According to Belch and Belch (2004:16), there are different ways to view the marketing communication mix; traditionally only four tools were included, namely advertising, sales promotion, public relations and personal selling. The authors note, however, that they would add direct marketing and interactive media to the marketing communication mix.

Fill (2005:727) states that the argument as to whether sponsorship is part of advertising, sales promotion or public relations or an individual tool of marketing communication has long been a source of debate. The author further argues that it is more natural to align sponsorship with advertising, since awareness is regarded as the principal objective of using sponsorship, and advertising is a more complementary and accommodating part of the marketing communication mix. The author also argues that sales promotion from the sponsor's position is harder to justify, although from the perspective of the sponsored the value-added characteristic is attractive.

The more traditional home for sponsorship is public relations (McDaniel *et al.*, 2008:488). Fill (2005:727) states that indirect messages are conveyed to the target audience with the support of significant participants who endorse and support the sponsor, which are akin to public relations activities.

According to Kurtz and Boone (2006:497), sponsorship offers marketers the ability to integrate several tools of the marketing communication mix. These authors continue that in the marketing communication mix, sponsorship is regarded as an additional tool of the marketing communication mix (as seen in figure 2.1). Finally, they argue

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that this is the case because of the wide range of characteristics of sponsorship, so that it is difficult to align sponsorship with one specific tool.

**Figure 2.1**      **Role of marketing communication in the marketing mix**



**Source: Adapted from Lamb *et al.* (2008a:396).**

Specific marketing communication tools have different effects on the target market, and therefore it is a challenge for marketers to combine these tools as synergetic parts (Lipponen, 1995:44). Most marketing communication strategies will use more than one marketing communication tool in order to reach the target market. This notion of combination is called the marketing communication mix (Lamb *et al.*, 2008a: 396).

According to Belch and Belch (2004:16), most businesses used to separate their marketing communication tools and then managed these as separate practices, but in the process they often failed to recognise that the wide range of marketing communication tools must be coordinated in order to communicate effectively and to present a consistent image to the target markets.

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According to Lamb *et al.* (2008a:413), all marketing communication tools should be integrated; this means that the messages reaching the customers should be the same, regardless of the form or tools used. Lamb *et al.* (2008b:306) state that customers do not think in terms of advertising, sales promotion, public relations and personal selling as separate entities, to them everything is an 'advertisement'.

Integrated Marketing Communication (IMC) is the careful coordination of all marketing communication messages for a product or a service with a view to ensure the consistency of the message at every contact point where a business meets the consumer (Lamb *et al.*, 2008a:413).

## **2.5 THE MARKETING COMMUNICATION MIX**

Table 2.1 shows the different marketing communication tools and with specific reference to their strengths and weaknesses. A detailed discussion of each marketing communication tool will consequently follow.

### **2.5.1 Sales promotion**

Kotler and Keller (2009:527) propose that businesses use sales promotion tools like couponing, contests, and premiums in order to draw a stronger and quicker buyer response, including short-run effects such as highlighting product offers and boosting sagging sales. Sales promotion is generally defined as those marketing communication tools that provide extra value or incentives to the sales force, the distribution, or the ultimate consumer and can stimulate immediate sales (Belch & Belch, 2004:21). Concurrently, Duncan (2005:12) argues that sales promotion is a short-term, added-value offer designed to motivate an immediate response. Etzel *et al.* (2007:476) add that sales promotion is a sponsor-funded, demand stimulating tool designed to supplement advertising and facilitate personal selling.

Sales promotion is divided into two categories, namely consumer-orientated and trade-orientated activities (Belch & Belch, 2004:21).

**Table 2.1 Summary of marketing communication tools**

1.1 Marketing communication tools	1.2 Mass or Customised	1.3 Payment	1.4 Strengths	1.5 Weaknesses
<b>Sales promotion</b>	Mass	Wide range of fees paid	Effective in changing behaviour in short run.	Easily abused. Can lead to promotion wars. Easily duplicated.
<b>Direct marketing</b>	Customised	Cost of communication through mail, telephone, etc.	Message can be prepared quickly. Facilitates relationships with customers.	Declining customer response. Database management is expensive.
<b>Personal selling</b>	Customised	Fees paid to sales people.	Immediate feedback. Very persuasive. Can select audience. Can give complex information.	Extremely expensive per exposure. Message may differ between salespeople.
<b>Advertising</b>	Mass	Fees paid for time or space.	Reaching large numbers of people.	High absolute cost. Difficult to receive good feedback.
<b>Public relations</b>	Mass	No direct payment.	Often most credible source in customers mind.	Difficult to get media cooperation.
<b>Sponsorship marketing</b>	Mass	Sponsorship fees paid and leverage.	Enhances business/brand visibility. Good relationship-building tool.	Involves only small percentage of target audience. Difficult to measure effectiveness.

Source: Adapted from Kerin *et al.* (2009:467); Ouwensloot and Duncan (2008:299).

Consumer-orientated sales promotions are targeted at the ultimate user of a product or service and include couponing, sampling, premiums, rebates, contests, sweepstakes and various point-of-purchase materials (Belch & Belch, 2004:21). Du Plessis *et al.* (2010:6) emphasise that a sales promotion campaign can include handing out free diaries, samples and calendars to customers. Trade-orientated sales promotions are targeted towards marketing intermediaries such as wholesalers, distributors and retailers (Belch & Belch, 2004:22). These authors

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elaborate that trade-orientated sales promotions can also include promotional and merchandising allowances, price deals, sales contests and trade shows.

Sales promotions frequently offer a temporary incentive to encourage a sale or purchase (Etzel *et al.*, 2007:476). Sales promotions as a marketing communication tool encourage consumers to make an immediate purchase and thus stimulate short-term sales (Belch & Belch, 2004:22). Etzel *et al.* (2007:477) believe that the majority of sales promotions are designed to encourage the business' sales force or other members of a distribution channel to sell these products more aggressively. Du Plessis *et al.* (2010:6) add that sales promotions embrace activities that pull people towards products, or that push products towards people.

In conclusion, Kotler and Keller (2009:527) highlight three distinctive benefits of sales promotion, namely communication, incentive and invitation. The authors elaborate that; firstly, the business gains attention and leads the consumer to the product by means of communication. The business also incorporates some concession, encouragement, or contribution that gives value to the customer in the form of an incentive (Kotler & Keller, 2009:527). Finally, they argue that an invitation is given to engage in the transaction immediately.

### **2.5.2 Direct marketing and Interactive media**

One of the fastest growing tools of the marketing communication mix is direct marketing (Belch & Belch, 2004:18). Businesses communicate directly with target consumers in order to generate a response and/or a transaction (Belch & Belch, 2004:18). Duncan (2005:9) affirms that direct marketing is an interactive, database-driven marketing communication process that uses a range of media to motivate a response from customers and prospects.

Direct marketing involves much more than direct mail and mail order catalogues; it actually involves a variety of activities (Belch & Belch, 2004:18). The authors elaborate that direct marketing includes database management, direct selling, telemarketing and direct response advertisements through direct mail, the internet

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and various broadcast and print media. Direct marketing techniques are also used to distribute product samples or target users of a competing brand (Belch & Belch, 2004:18). As the name implies, direct marketing does not involve any retailers or other members of the distribution channel (Duncan, 2005:9).

Direct marketing tools and techniques are also used by businesses that distribute their products through traditional distribution channels or have their own sales force (Belch & Belch, 2004:18). Added to this, direct marketing plays an important role in the integrated marketing communication programmes of consumer product businesses and business-to-business marketers (Belch & Belch, 2004:18). Also, direct marketing often uses precise means of identifying members of a target audience and compiling a customer or prospect database with contact information of these individuals or businesses (Du Plessis *et al.*, 2010:7).

Kotler and Keller (2009:529) state that direct marketing and interactive marketing share three distinctive advantages, namely to be customised, up-to-date and interactive. These authors further suggest that the message can be prepared to appeal to the addressed individual, which makes it a customised message. A message can be prepared very quickly, which also makes it up-to-date (Kotler & Keller, 2009:529). These authors conclude that the message is interactive, because it can be changed depending on the person's response.

Interactive media allow for a back-and-forth flow of information by means of which users can participate in, and modify the form and content of the information they receive in real time (Belch & Belch, 2004:20). Unlike traditional forms of marketing communication, this type of media allows users to perform a variety of functions such as receive and alter information and images, make inquiries, respond to questions, and, of course, make purchases (Belch & Belch, 2004:20). In addition to the internet, other forms of interactive media include CD-ROMs, kiosks and interactive television (Belch & Belch, 2004:20).

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### 2.5.3 Personal selling

Etzel *et al.* (2007:476) define personal selling as the direct presentation of a product to a prospective customer by a representative of the business. Du Plessis *et al.* (2010:5) propose that personal selling is the oral presentation of a product, service or idea to one or more potential customers in the hope that the transaction will take place. Personal selling is argued to be a form of person-to-person communication in which a seller attempts to assist and/or persuade prospective buyers to purchase the business' products or services or act on an idea (Belch & Belch, 2004:23).

Unlike advertising, personal selling involves direct contact between the buyer and seller, either face-to-face or through some form of telecommunications such as telephone sales (Etzel *et al.*, 2007:476). Belch and Belch (2004:23) propose that this interaction gives the seller a measure of flexibility to adopt his/her message according to the reaction of the potential buyer. Du Plessis *et al.* (2010:5) assert that the flexibility of this method makes it an excellent communications tool for establishing and nurturing customer relations.

Personal selling involves more immediate and precise feedback, because the impact of the sales presentation can generally be assessed from the customer's reactions (Belch & Belch, 2004:24). Also, these authors explain that personal selling efforts can be directed to specific markets and consumer types that are the best prospects for the business' products or services.

Duncan (2005:13) mentions that in many business-to-business markets, where the number of customers is smaller, personal selling is the dominant marketing communication tool used. Kotler and Keller (2009:529) assert that personal selling is the most effective tool at later stages of the buying process, particularly in building up buyer preference, conviction, and action. According to Etzel *et al.* (2007:476), more money is spent on personal selling than on any other form of marketing communication.

Kotler and Keller (2009:529) note that there are three qualities of note in personal selling: personal interaction, relationship and response. Also, these authors propose

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that personal selling creates an immediate and interactive episode between two or more persons, where each party can observe and react to the other's responses. Personal selling permits all kinds of relationships to develop, ranging from a matter-of-fact selling relationship to a deep personal relationship (Kotler & Keller, 2009:529). Finally, these authors argue that the potential buyer may feel obligated to show some response, and in many instances buy the proposed product or service.

#### **2.5.4 Advertising**

Belch and Belch (2004:16) define advertising as any paid form of non-personal communication about a business, product, service, or idea by an identified sponsor. Du Plessis *et al.* (2010:5) concur that advertising can be seen as controlled, paid for, non-personal communication relating to a product, service or idea that is directed by an identifiable communicator via mass communication media to a specific target audience. The paid aspect of advertising indicates that the space or time for an advertising message must be bought (Belch & Belch, 2004:16).

Etzel *et al.* (2007:476) claim that the most familiar outlets for advertising are broadcast (television and radio) and print (newspapers and magazines); however, there are many other advertising vehicles such as billboards, t-shirts, the internet and many more. Belch and Belch (2004:16) point out that the non-personal component of advertising indicates that advertising involves mass media (e.g. television, radio, magazines, and newspapers) that can transmit a message to large groups or individuals, often at the same time.

Duncan (2005:9) notes that advertising is used to reach large audiences create brand awareness, help differentiate a brand from its competitors, and build an image of the brand. The non-personal nature of advertising means that there is no opportunity for immediate feedback from the message recipient; and therefore, the advertiser must consider how the audience will interpret and respond to the advertising before the message is sent (Belch & Belch, 2004:16). Fill (2005:21) emphasises that advertising offers a high degree of control for those responsible for the design and the delivery of the advertising message.

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Advertising is the best-known and most widely discussed form of marketing communication, because of its pervasiveness (Belch & Belch, 2004:16). Kotler and Keller (2009:527) elucidate that advertising permits the seller to repeat a message many times, and it also allows the buyer to receive and compare the message of various competitors. These authors further note that large-scale advertising indicate something positive about the seller's size, power, and success.

Advertising is also a very important marketing communication tool for businesses whose products and services are targeted at mass consumer markets (Belch & Belch, 2004:16). Kotler and Keller (2009:526) agree that advertising can reach geographically dispersed buyers. Although the cost can be extremely vast for an advertisement, the vast number of people that can be reached with the message makes it the lowest cost per contact of all the other marketing communication tools (Fill, 2005:21). Belch and Belch (2004:17) assert that there are several reasons why advertising is such an important part of many marketer's marketing communication strategy.

Firstly, they argue that advertising can be very cost-effective for communicating with large audiences. Advertising can be used to create brand images and symbolic appeals for a business or a brand, which are very important for businesses selling products or services that are difficult to differentiate in terms of functional attributes (Belch & Belch, 2004:17).

The nature and purpose of advertising differ from one industry to another and also across situations (Belch & Belch, 2004:18). These authors assert that the targets of a business' advertising efforts often vary, as do advertising's role and function in the marketing communication strategy. Du Plessis *et al.* (2010:37) conclude that advertising is the message that we convey to the consumer that hopefully will get them to a point of action, that is, to use or buy a product or service.

### **2.5.5 Public relations**

Public relations encompass a wide variety of communication efforts that contribute to establishing generally favourable attitudes and opinions toward a business and its

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products (Etzel *et al.*, 2007:477). Belch and Belch (2004:22) state that public relations refer to both publicity and public relations. Publicity refers to non-personal communication regarding a business, product, service or idea not directly paid for or managed (Belch & Belch, 2004:22).

Du Plessis *et al.* (2010:6) propound that publicity involves influencing consumers in a non-personal way by making the actual newsworthiness of the business' products or services known to the publishing media, thus obtaining free and favourable news coverage. Etzel *et al.* (2007:477) concur that publicity is a form of public relations. The authors elaborate that, like advertising, it consists of an impersonal message that reaches mass audiences through the media. In many ways, it is the same as advertising because it communicates to mass audiences, but is different from advertising because it is not paid for (Belch & Belch, 2004:22).

Publicity usually comes in the form of a news story, editorial or an announcement about a business' products or services (Belch & Belch, 2004:22). Duncan (2005:10) concurs that publicity refers to stories and brand mentions delivered by the mass media without charge. Techniques used to gain publicity include press conferences, news releases, feature articles, photographs, films and videotapes (Belch & Belch, 2004:22). The advantage that publicity has over other forms of promotion is that it is perceived to be more credible – this is because consumers are less sceptical about favourable information about a product if it comes from a source they perceive as unbiased (Belch & Belch, 2004:22).

It is important to be aware of the distinction between publicity and public relations (Belch & Belch, 2004:23). When a business systematically plans and distributes information in an attempt to control and manage its image and the nature of the publicity it receives, the business is actually engaging in a function known as public relations (Belch & Belch, 2004:23). Public relations can be defined as that management function which evaluates public attitudes, identifies the policies and procedures of an individual or business with the public interest, and executes a programme of action with a view to earn public understanding and acceptance (Belch & Belch, 2004:23). Duncan (2005:10) argues that public relations are

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communication activities that help a business and its publics to adapt mutually to each other.

Unlike advertising and personal selling, public relations does not include a specific sales message (Etzel *et al.*, 2007:477). Public relations have a broad objective as its purpose is to establish and maintain a positive image of the business among its various publics (Belch & Belch, 2004:23). These authors elaborate that public relations uses publicity and a variety of other tools including special publications, participation in community activities, fund-raising, sponsorship of special events and various public affairs activities to enhance a business' image.

### **2.5.6 Sponsorship**

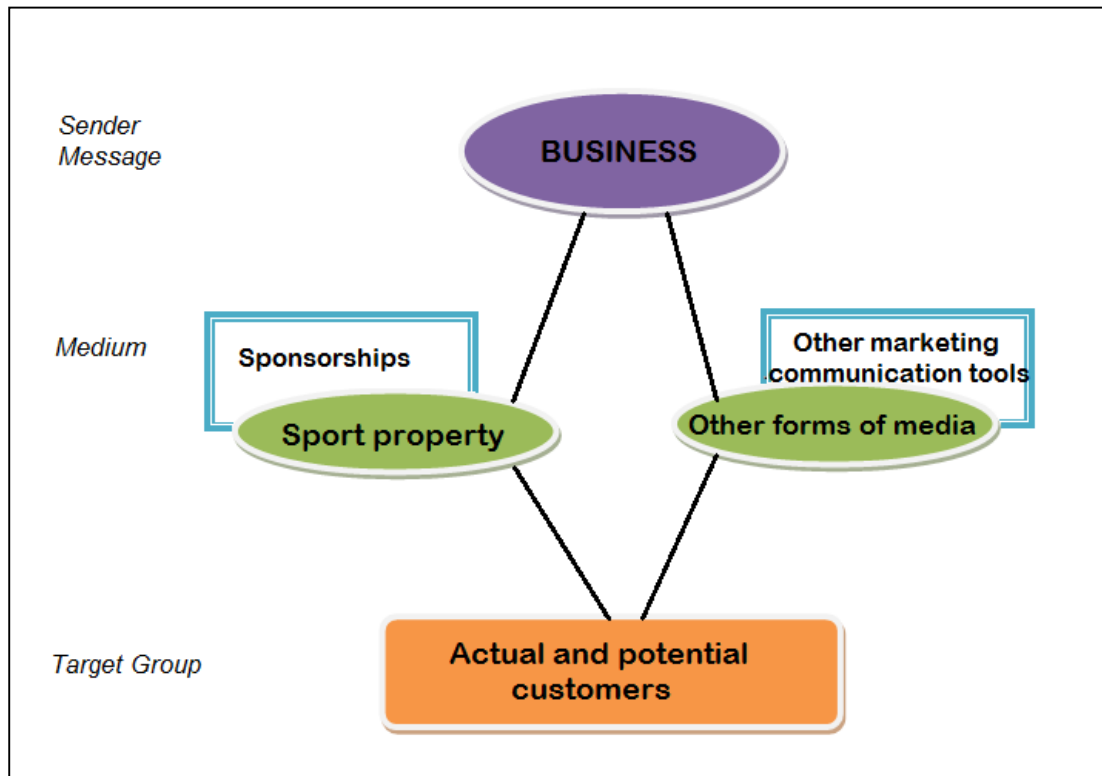
Sponsorship is a highly flexible form of marketing communication and can be tailored to a wide range of corporate, marketing and public relations objectives (Du Plessis *et al.*, 2010:6). The definition of sponsorship which will be used in this study is that it is the provision of resources of any kind by a business in direct support of an event (sport or art) or social concern (educational or environmental) with the purpose of directly associating the business's name or products with the event and deriving benefits related to the affiliation or association (Mullin *et al.*, 2007:315). These authors continue that a business then uses this relationship to achieve its marketing communication objectives, or to facilitate and support its broad marketing objectives.

Du Plessis *et al.* (2010:277), in turn, define sponsorship as the marketing tool whereby a sponsor contractually provides financial and/or other support to a property or individual in return for rights to use the sponsor's name (business, product, brand) and logo in connection with the sponsored event or activity. In figure 2.2, sponsorship is shown as the medium to bring the message from the sender (the business) to its target market (actual and potential customers). This figure illustrates the corporate side in which businesses use this relationship in order to achieve their marketing communication objectives (Lipponen, 1995:43).

According to Fill (2005:716), the full potential of sponsorship as a marketing communication tool is only reached when it is integrated with some (or all) of the

other tools of the marketing communication mix. Therefore, management is advised to use sponsorship as the foundation for other marketing communication activities (Du Plessis *et al.*, 2010:276). Zdravkovic (2008:58) concurs that conducting sponsorship by itself, without incorporating it in the overall strategy of a business, could prove to be costly and non-beneficial.

**Figure 2.2 Sponsorship as a tool of marketing communication**



**Source: Adapted from Lipponen (1995:43); Ouwersloot and Duncan (2008:70).**

Sponsorship marketing is the practice of promoting the interests of the business and its brands by associating the business or one of its products with a specific event or cause (Shimp, 2010:562). Mullin *et al.* (2007:316) state that, in contrast to many other marketing communication activities – which are often stand-alones – sponsorship activities are more integrated and are compiled of a variety of marketing and promotional tools. These authors further argue that the versatility of sponsorship enables it to fulfil many basic functions of other marketing communication tools.

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### 2.5.6.1 Characteristics of sponsorship as a marketing communication tool

Zdravkovic (2008:51) emphasises that there is a number of qualities that are unique to sponsorship when compared to other marketing communication tools. Fullerton (2010:96) asserts that sponsorship has been deemed to be synonymous with advertising, but stresses that, unfortunately, this assumption is incorrect. Mullin *et al.* (2007:316) believe that sponsorship's versatility enables it to fulfil many of the basic functions performed by other tools of the marketing communication mix. It is argued that sponsorship is widely used as a complementary factor in promotions and it shares many characteristics with advertising (Lipponen, 1995:44).

According to Meenaghan (1991:8) there are, however, some key differences between advertising and sponsorship as a communication tool. Fullerton (2010:96) is of the opinion that to fully understand the unique characteristics of sponsorship, it is important to differentiate between advertising and sponsorship. Lamb *et al.* (2008a:444) as well as McDaniel *et al.* (2008:489) believe that the most significant reason for the increasing use of sponsorships is because it is so difficult to reach audiences and to differentiate a product from competing brands through mass marketing.

Sponsorships are therefore often combined with other promotional tools, for example advertising that includes print and broadcast advertisements referring to the event or activity, direct mails and sales promotions, publicity in the form of media coverage of the event, and personal selling at the event itself (Kurtz & Boone, 2006:498). One unique advantage of sponsorship noted by Sleight (1989:2) is its ability to act as a theme that can be incorporated into advertising, public relations and sales promotions in order to enhance the overall effect of the campaign.

Meenaghan (1991:8) notes that sponsorship can provide a vehicle for relationship marketing because of the corporate hospitality function it provides.

Brooks (1994:2) argues that the uniqueness of sponsorship is based on its ability to amplify the message by separating the sponsor's voice from the mass. Concurrently, Meenaghan (1991:8) propounds that the audience's reaction to sponsorship is likely to be more positive compared to other media. Bennet *et al.* (2006:93) likewise argue

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that sponsorship allows businesses to reach large audiences by means of a more subtle approach than other forms of media. Madrigal (2001:147) concurs that sponsorship can be used to connect to the target market in a setting that promotes positive feelings and excitement. In accordance, Meenaghan (2001:197) found that respondents were favourable in their attitudes toward sponsorship, when compared to advertising, as a method of marketing communication.

Sponsorship is similar to public relations in the sense that the quality and quantity of coverage is largely beyond the control of the sponsor (Meenaghan, 1991:8). The author highlights that this is quite different from advertising where all aspects of the communication are controlled by the advertiser. Shilbury *et al.* (1998:199) also note that less control over the communication through a sponsorship is possible. Fullerton (2010:98) concurs that advertising can be measured and controlled more easily than a sponsorship.

In contrast to advertising, where the message is designed with a mixture of vocals, visuals and context, sponsorship is a “mute”, non-verbal medium (Meenaghan, 1991:8). Also, the author argues that the sponsorship message is only delivered by association with a socially intrusive tool which possesses its own personality in the eyes of the receiving audience. Fullerton (2010:100) suggests that marketers choose an association with elite properties to sponsor in an effort to enhance their own prestige.

While advertising is viewed as a stand-alone marketing communication tool, sponsorship must be used in combination with other marketing communication tools to ensure its effectiveness (Fullerton, 2010:98). In particular, the willingness to leverage the sponsorship investment with a wider communication programme which includes actively advertising the sponsor's role to the target market appears essential to the success of the sponsorship investment (Quester & Thompson, 2001:45). During the implementation of a sponsorship, a sponsor must leverage the sponsorship by investing additional funds – usually in the form of sales promotion - to bring the association with the activity or property to the audience (Tripodi, 2001: 9; Zdravkovic, 2008:41).

Pitt *et al.* (2010:288) warn that ambush marketing should be avoided by successfully leveraging the sponsorship investment. Schmitz (2005:205) defines ambush marketing as the direct efforts of one party to weaken or attack a competitor's official association with a business acquired through the payment of sponsorship fees. Very little research has been conducted on personal objectives of corporate administrators to decide to sponsor a sport property (Roybal, 2006:37). The personal objectives of decision-makers such as the chairman play a key role in sponsorship used as a marketing communication tool (Meenaghan, 1991:9). This author found that sponsors become involved in certain high-profile sponsorships in order to fulfil their personal objectives of enhanced status in the community or among their peers.

Du Plessis *et al.* (2010:279) note in this regard that sponsorship is a business relationship between a sponsor and a sponsorship property, not merely a marketing communication tool (as perceived by many marketers). Fullerton (2010:100) states that employee morale can be heightened by a sponsorship which appeals to the larger sentiments of the business' employees.

Another characteristic in this regard is that a sponsorship gives the sponsor an opportunity to sell its products at the event, which means that it is a personal selling tool (Fullerton, 2010:100). The author adds that a sponsorship allows access to a live audience, where advertising provides only indirect contact with the consumers. Table 2.2 provides a comparison of advertising and sponsorship in terms of their strengths.

**Table 2.2 Comparison of advertising and sponsorships strengths**

Advertising is superior	Sponsorships is superior
<ul style="list-style-type: none"> <li>• Persuasive message</li> <li>• Delivers standardised message</li> <li>• Can guarantee reach</li> <li>• Evaluation</li> <li>• Turnkey</li> </ul>	<ul style="list-style-type: none"> <li>• Credibility</li> <li>• Image</li> <li>• Prestige</li> <li>• Internal morale</li> <li>• Sales opportunities</li> <li>• Access to a live audience</li> </ul>

**Source: Fullerton (2010:101).**

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### 2.5.6.2 Growth of sponsorship

Fill (2005:713) states that the most important factors influencing the growth of sponsorship as a marketing communication tool are the government's policies on tobacco and alcohol; the escalating cost of advertising media; the proven ability of sponsorship; new opportunities due to increased leisure; greater media coverage of sponsored events; and the recognition of the inefficiencies associated with traditional marketing communication tools.

Du Plessis *et al.* (2010:279) agree that the escalating cost of advertising has diverted spending to other marketing communication tools. These authors indicate many other reasons for sponsorship growth, including the ability of sponsorship to avoid clutter; they also note that sponsorship enables the sponsor to gain face-to-face contact with current and potential customers.

Shimp (2010:564) argues that sponsorships help businesses to respond to consumers' changing media habits; it also helps businesses to gain the approval of various constituencies, including stakeholders, employees and the society at large. Finally, sponsorships allow businesses to target their message to specific geographical and or lifestyle groups (Shimp, 2010:564; Fill, 2005:713).

According to Fill (2005:713), sponsorships suggest to the target audiences that there is an association between the sponsored and the sponsor. By implication, this association may be of interest and value. The author continues that allowing members of the target audiences to perceive the sponsor indirectly through a third party helps to diffuse any negative effects associated with traditional mass media. It should be noted that direct persuasion is of great value to the growth of sponsorship as a marketing communication tool. Fill (2005:713) continues that sponsorship provides sponsors with the opportunity to blend a variety of tools in the marketing communication mix and to use resources more efficiently and arguably more effectively – which, in turn, ensures sponsorship growth.

In table 2.3, the growth in sponsorship spending in South Africa since 1985 is presented. Du Plessis *et al.* (2010:283) explain that the direct spend of sponsorship

includes all the funds required for the sport or event to take place, as well as broadcast sponsorship is included in direct spend. These authors note that leveraging includes all the expenditure sponsors incur to promote, advertise and stage their sponsorship, prior to and during the event. The significant sponsorship inflation on sponsorship fees as well as the impact of the credit crunch has resulted in sponsors not being able to spend as much on leveraging. This is reflected in table 2.3 in terms of the decline in the percentage leverage spend over the past years (Du Plessis *et al.*, 2010:283).

**Table 2.3 Growth in sponsorship spending**

Year	Direct spend (R-million)	Change	Leveraging (R-million)	Change	Total (R-million)	Change
1985	63	-	50	-	113	-
1986	84	33%	70	40%	154	27%
1987	107	27%	92	31%	199	29%
1988	124	16%	109	18%	233	17%
1989	151	21%	136	24%	287	23%
1990	174	15%	156	15%	330	15%
1991	207	19%	180	15%	287	17%
1992	2755	25%	236	31%	511	32%
1993	285	4%	238	0,1%	523	2%
1994	321	13%	272	14%	593	13%
1995	418	30%	340	25%	758	28%
1996	522	25%	420	24%	942	24%
1997	642	23%	530	26%	1172	24%
1998	885	38%	740	40%	1625	39%
1999	1049	19%	852	15%	1901	17%
2000	1088	4%	898	5%	1986	4,5%
2001	1254	15%	1054	17%	2308	16%
2002	1492	19%	1239	17,5%	2731	18%
2003	1772	18,7%	1462	18%	3234	18,4%
2004	1884	6,3%	1629	11,4%	3513	8,6%
2005	2217	17,68%	1849	13,5%	4066	15,74%
2006	2613	17,86%	2207	19,36%	4820	18,54%
2007	3064	17,25%	2466	11,74%	5530	14,17%
2008	3503	14,33%	2539	2,96%	6042	9,26%

**Source: Du Plessis *et al.* (2010:284).**

Du Plessis *et al.* (2010:279) list numerous other reasons for the growth in sponsorship activities. These authors indicate that a sponsorship enhances the business' image or its positioning through affiliation with the sponsored event. The

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growing diversity in leisure activities such as participation in sport is considered to have an influence on the growth of sponsorship (Du Plessis *et al.*, 2010:280). In conclusion, these authors add that the sponsorship of special events and causes enables marketers to target their marketing communication efforts to specific geographic regions and lifestyle groups.

### **2.5.6.3 Categories of sponsorship**

By giving a sponsorship, a business spends money in support of an issue, cause or event that is consistent with corporate objectives, such as improving brand awareness or enhancing corporate image (Lamb *et al.*, 2008a:444). The authors continue that the most commonly sponsored events are festivals and fairs, sporting events, arts and entertainment, charity benefits, conventions and expositions.

According to Fill (2005:719), it is possible to identify specific areas of sponsorship. These areas are sport, programme/broadcast, arts, and others that encompass activities such as wildlife and education. Shimp (2010:562) divides sponsorship into to broad types, namely event- and cause-related sponsorships. The author defines event sponsorship as a form of brand promotion that ties a brand to a meaningful athletic, entertainment, social, cultural or other high-interest public activity.

Du Plessis *et al.* (2010:280) concur that the main areas of event sponsorship cover sport, the arts, entertainment and social investment. Shimp (2010:563) declares that event marketing is distinct from advertising, promotion, point-of-purchase merchandising or public relations, but it generally incorporates tools associated with all of these marketing communication tools.

Cause-related marketing is based on the idea that the marketer will contribute towards a certain cause every time a customer undertake some action (Shimp, 2010:567). McDaniel *et al.* (2008:490) define cause-related marketing as the association of a for-profit business with a non-profit business, through the sponsorship the business' products or services are promoted, and money is raised for the non-profit business.

**Table 2.4 Marketing communication platforms**

Advertising	Sales promotion	Sponsorship	Public relations & publicity	Direct & interactive marketing	Word-of-mouth marketing	Personal selling
Print and broadcast ads Packaging - outer Packaging inserts Motion pictures Brochures and booklets Posters and leaflets Directories Reprints of ads Billboards Display signs Point-of-purchase displays Audiovisual materials Symbols and logos Videotapes	Contests, games, sweepstakes, lotteries Premiums and gifts Sampling Fairs and trade shows Exhibitions Demonstrations Coupons Rebates Low-interest financing Entertainment Trade-in allowances Continuity programmes Tie-ins	Sport Entertainment Festivals Arts Causes Factory tours Business museums Street activities	Speeches Press kits Seminars Annual reports Charitable donations Publications Community relations Lobbying Identity media Business magazines	Catalogues Mailings Telemarketing Electronic shopping Fax mail E-mail Voice mail Blogs Websites TV shopping	Person-to-person Chat-rooms Blogs	Sales presentation Sales meetings Incentive programmes Fairs and trade shows Samples

**Source: Adapted from Kotler and Keller (2009:513).**

As seen in table 2.4 above, the platforms of sponsorship are sport, entertainment, festivals, arts and causes (Kotler & Keller, 2009:513). Fill (2005:719) argues that of all the types of sponsorship, sport attracted most attention and sponsorship money. Du Plessis *et al.* (2010:282) state that sport is the dominant benefactor of sponsorship in South Africa and attracts almost 70% of all sponsorship spending. McDaniel *et al.* (2008:489) assert that although businesses are turning to specialised events, the most popular sponsorship events are still those involving sport.

Sports sponsorship provides a range of advantages for the sponsor (Du Plessis *et al.*, 2010:282). These authors also note that there is a huge interest and awareness level of sports fans; many fans enjoy more than one type of sport and fans are spread widely across the full range of demographic and psychographic types, which aids market segmentation. Sport also has the propensity to attract large audiences, not only at each event but also through the media that attach themselves to these

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events (Fill, 2005:719; Du Plessis *et al.*, 2010:282). Sport has another important characteristic – that of crossing national and cultural borders (Du Plessis *et al.*, 2010:282). The authors continue that sport also provides a range of events, sport bodies and individual stars to sponsors and support. Fill (2005:720) adds that the visibility opportunities for the sponsor are high in a number of sporting events because of the duration of each event (e.g. cricket games).

#### **2.5.6.4 Marketing through sport**

Marketing through sport is the task of marketing non-sport products using sport as a platform (Fullerton, 2010:2). These authors continue that the focus can shift to the strategic initiatives used in the marketing of sports products including both goods (e.g. tickets to the event) and services (the entertainment provided). To accomplish marketing through sport, the marketer must create a sports overlay, also known as a sports platform, which is the process of integrating sport with a marketing strategy that is designed to sell non-sport products (Fullerton, 2010:60). Furthermore, this author points out that the degree of integration of the non-sport product with the sport is an important aspect to understand with insight. The author elaborates that there are two fundamental strategies, namely traditional and sponsorship-based strategies.

Traditional strategies represent a basic incorporation of sport as part of the business' marketing programme (Fullerton, 2010:32). The author explains that this typically involves the two basic components of a marketing strategy, both a target market and a corresponding marketing communication mix. It is important to remember that strategies based upon traditional integration involve no official relationship with a sports entity. A traditional strategy using a sports overlay may simply involve the placement of an advertisement that features actors or models playing a sport or the placement of an advertisement in a sports publication that reaches the same target market (Fullerton, 2010:32).

Sponsorship-based strategies, in contrast to the traditional approach of integrating sport into the marketing of products, involves an array of activities whereby the

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marketer attempts to capitalise on an official relationship with an event, a team, a league, a player or a sports organisation (Fullerton, 2010:32).

## **2.6 CONCLUSION**

This chapter discussed the notion of sponsorship as a marketing communication tool. Sponsorship as a marketing communication tool provides a number of advantages, as opposed to more traditional marketing communication tools such as advertising. Although it gives the marketer unique, fresh qualities to work with, it is important to incorporate a sponsorship with other marketing communication tools, to ensure its success.

Businesses receive numerous sponsorship proposals annually and must choose among these in order to find the most appropriate opportunity. The process of purchasing a sponsorship is often complex and a business must manage the process of sponsorship selection. Depending on how sponsors manage their sponsorship process, they could end up with a leaner, better-performing portfolio, or they could end-up making a mess of things that could take years to recover from. Businesses must therefore make a thoughtful, structured decision about which sponsorship opportunity to incorporate in their marketing strategy.

Chapter three presents a theoretical discussion on pertinent issues in sponsorship decision-making in order to provide insight into the manner in which a business should go about selecting a sponsorship opportunity.