Charles University in Prague
Faculty of Physical Education and Sport

DISSERTATION WORK

SUMMARY

Sašo Belovski
2017
COMPARISON OF BENEFITS AND DRAWBACKS OF SPORT SPONSORSHIP AS OPPOSED TO TRADITIONAL ADVERTISING

SUMMARY OF DISSERTATION WORK

Author: Sašo Belovski
Workplace: Department of Management of Sport
Prague, 2017

Dissertation work has been completed during the doctoral studies (2011-2017). The full text of the original work is made available in the faculty library at José Martího 31, 162 52 Praha 6.

The dissertation defense took place at the Faculty of Physical Education and Sport, on ....................., 2017.

Opponents: ..........................................................

Date of defense: ..........................................................

President of the defense commission: ..................................
Introduction

The often quoted John Wanamaker’s sentence “I know that half of my advertising is wasted, but I don’t know which half” (Kotler, 2008), reflects the turmoil and perplexity the marketing decision makers face every day. The present day reality, characterized with budget restrictions or worldwide economic crisis, doesn’t make the situation any easier.

Even though merely all marketing literatures agree upon the necessity of having an integrated marketing promotion mix, the setback seems to lie in finding the right portion share of that mix. Hence, the author’s motivation to work on this project is to facilitate the marketers with as much assistance as possible to overcome, or at least lessen the risks of weak marketing decisions. In particular, the idea is to compare, arguably, the two most dynamic and controversial tools of that mix, advertising and sponsorship, whereas the sponsorship is to be focused on sport.

Figure 1 – Marketing Promotion Mix

(Belovski, 2016)

Why exactly those two promotional platforms are considered worth for distinctive analysis? The incitement is sparked from the following notion and feedback from the market:
• traditional advertising (outdoor, print, television, etc.) is more and more criticized as outdated, not effective, and overprized. At the same time, it represents the biggest share portion of the marketing budget and it is the most often used platform by companies.

• On the other hand, sponsorship is relatively new communication platform, which is not even categorized as an independent marketing tool (belongs under Public Relations). At the same time it gains ever increasing attention, space, and share proportion of the marketing budget, and it is often praised as innovative, personal, and effective. Sport sponsorship is the most used section of this promotional tool (in comparison with cultural and social events).

• These two marketing platforms share common goals (to inform the client about the brand, to improve the image of the brand, and to persuade the client to buy a product).

Both advertising and sport sponsorship belong to a marketing communication mix – “specific mix of advertising, sales promotion, public relations, personal selling and direct marketing tools that the company uses to persuasively communicate customer value and build customer relationships” (Kotler, 2008). Furthermore, Kotler places sponsorship into the public relations tool as “any vehicle through which corporations gain public relations exposure”. Traditionally, public relations has been seen as “the management function which evaluates public attitudes, identifies the policies and procedures of an organization with the public interest, and executes a program of action (and communication) to earn public understanding and acceptance” (Belch & Belch, 1995). The new role of public relations, however, seems to become more marketing oriented, and thus, the definition is lately being extended to ‘marketing public relations’ which deals with “those aspects of public relations directly associated with communication with customers (i.e. publicity)”, whereas publicity means “building the image of the brand and creating positive associations between that brand and its publics” (Egan, 2007).
1. **Scientific Problem, Goals of Dissertation, Purpose of Dissertation**

1.1 Scientific Problem

There are real and concrete challenges in the marketing area that both academic workers and companies’ managers are facing on daily basis. What is the nature of these challenges?

- Companies undertake significant investments as part of their marketing budgets in an attempt to promote their brands and products in the most effective way; for this purpose they are using various tools of the communication mix.
- At the same time, companies spend additional funds in order to find the best way to measure their return on marketing investment, and to understand which marketing tool is the most efficient and effective (for this reason, they engage research and media agencies, analyze the market, etc.)
- Nevertheless, in reality, no one is able to guarantee what works well and what doesn’t. Hence, managers find themselves in situations where they must make a decision and undertake risks based on their personal experiences, expertise, and gut feelings.

1.2 Goals of Dissertation

This work will aim to answer which of the two promotional tools marketing decision makers prefer and tend to use, taking into consideration challenges like budget limitations or world economic crisis. In continuation, it will try to understand the crucial factors that can persuade a marketing decision maker to be inclined towards sport sponsorship or towards traditional advertising. By studying the above, this work strives to achieve the goal of enriching marketing books with up-to-date information on the subject. Further, it will provide a dedicated study that directly compares advertising and sponsorship in details, something that seems to miss in existing literature. Last but not least, it should serve as a helpful source of scientific and
practical information to managers from the industry seeking for assistance when making their daily strategic decisions.

1.3 Purpose of Dissertation

From the above, it can be understood that sport sponsorship and advertising can be a complex area, subject to different interpretations and approaches. This dissertation work aims to compare the positive and negative aspects of sport sponsorship and advertising in achieving the above mentioned overall goals and objectives of a company.

The academic impact of this work is conveyed by presenting an overview of different authors’ aspects on the given topic in the available literature, and, more importantly, providing new results and perspectives on today’s trends. This contributes to enrich and develop the contemporary theories in the area of sport marketing.

The practical impact of this work lies in providing a food for thought to the marketing decision makers when faced with the challenge to act upon a marketing opportunity and justify not so small budget allocations.

The topic is relevant and actionable to merely all entities and industries, and its practice in real life situations is evident, if not the only option to choose from.

Among else, the project might be used:
• as a platform for further academic studies and researches in the given subject
• as a practical guide book containing the latest practices used by companies and their marketing departments, based on which managers can compare and evaluate decisions of others, and hence optimize their own judgments.
• for publication in relevant magazines

The author doesn’t aim to prove or discard certain hypothesis, nor expect the research to bring absolute truth or reality. Instead, the anticipated outcome is a comparison and interpretation of different approaches that marketers practice when deciding on their
communication mix with a goal to anticipate future trends and discover common practices. This would contribute to the overall development of modern theories and practices.

2. Summary of Theoretical Background and Literature Review

2.1 Summary of Theoretical Background

2.1.1 Defining advertising

Advertising today is defined by Kotler as “any paid form of non-personal presentation and promotion of ideas, goods or services by an identified sponsor” (Kotler, 2008). Arens offers similar definition, but warns that advertising is “…usually paid for and usually persuasive in nature…” (Arens et al., 2008).

The advertiser’s message is carried by a ‘medium’ which is the vital connection between the company that manufactures a product or offers a service and the customer who may wish to buy it. According to Arens et al. (2008), but also generally accepted by merely all authors, the most common used media that describe the channels of mass communication are:

- Print media which refers to any commercially published, printed medium – such as newspaper and magazines – that sells advertising space to a variety of advertisers.
- Electronic media that include radio and television.
- Digital interactive media such as the Internet.
- Out-of-home media with its major categories of Outdoor advertising (billboards) and Transit advertising (bus, taxi).
- Direct mail advertising where companies mail or email their advertising directly to prospective customers without using one of the commercial media forms.
- Other media – new technological innovations presented to the market on almost daily basis (advertising on DVD’s and CD’s).
In addition, the term ‘traditional advertising’ commonly appears and is rather being used by practitioners than in scientific works, and refers to the above mentioned most often used forms of media of advertising.

2.1.2 Defining sport sponsorship

One definition that Probst (2008) uses to legally define sponsorship says that “a sponsorship....is a marketing tool which aims at commercializing the goodwill associated with some person, entity, event or organization” whereas goodwill is “an intangible asset derived from the favorable reputation a person or entity has in the eye of its customers, respectively of the public in large. Such a reputation is regularly of interest to business investors who, by associating themselves with it, consider it to be an opportunity to promote their own goods or services”. Another approach states that “sponsorship is a cash or in-kind fee paid to a property (which may be a sports, entertainment, or nonprofit event or organization) in return for access to the exploitable commercial potential associated with that property” (Arens et al., 2008). Pitts and Stottlar (1996) further try to explain sponsorship by directly comparing it with advertising: “Sponsoring offers many distinctive benefits that go beyond many conventional advertising techniques. Advertising delivers direct commercial message, whereas sponsorship reaches people through various sources. Sponsoring involves companies that are ready to oblige and support certain activities, which means that through these activities they orient themselves towards people rather than towards advertising proposals. Hence, sponsorship is more sustainable in its promises”.

The dynamic development of sponsorship in general has been naturally translated in its affiliation towards sport. As Caslavova (2009) interprets, it is clear that the relationship between sport and sponsorship isn’t based on altruistic motives, but rather on clear economical and promotional goals of the party that sponsors.
As the above mentioned provisions apply to sport, culture, environmental and social areas, Caslavova further concretizes sport sponsoring which extends to “sport persons, sport teams and clubs, sport events, sport leagues, and sport organizations”.

2.2 Summary of Literature Review

2.2.1. Summary of Advertising

Advertising industry is developing at such a rapid pace that scholars don’t manage to catch up on studying all the aspects. It seems that advertising absorbed an ‘ad-hoc’ image where the market learns as it goes, without a possibility to systematically assess if the industry drives in the right direction and if all the innovations bring the expected results. Marketers and advertisers are left to be driven by their own gut feelings whereas market researches and business analysis serve rather as comforting alibi instead of substantial contributors to the decision making. Indeed, this work shows that facts and figures on traditional and new media advertising might bring only more confusion, as every positive inclination towards any of them can be instantly discharged with adverse evidence.

As future expectations are that this fast development will keep the same pace, we aim to convince those involved, or at least provoke, to look at traditional and new media not as subjects for comparison, but as items that can be combined, synergize, work together, and help each other. At the end of the day, both approaches are just vehicles for achieving common goals.

The market already offers few shy examples of this type of attempts, which boost confidence in experimenting and investing in new advertising models. Therefore, it is important to set from the very start clear definitions for properly understanding the area advertisers are operating in. Indeed, advertising as such is challenged for its very basic meaning, and tends to be understood differently by various profiles among the wide population. Moreover, it is as well crucial to define straightforward objectives of what is expected to be achieved by the
advertising efforts. In fact, we saw that fighting for the consumer attention is no longer the mere goal of the advertising message, but engaging that consumer and motivating him or her to voluntarily approach the brand is the ultimate success. In order for this to happen, advertisers have to voluntarily give up their presumption that they control the advertising outcome, and understand, embrace, and support the reality that the consumer have to be in charge. Truly, it’s the consumer and his or her word of mouth that is the best conveyor of a marketing message, regardless if the methods are through traditional or new media channels.

These views and opinions, some believe, might give the impulse to the notion of ‘advertising equity’, a terminology that in fact already exists, and a concept that should make the life of advertisers easier in terms of planning and forecasting, and should help scholars in their efforts to academically progress the (r)evolution of advertising.

2.2.2 Summary of Sponsorship

Sponsorship, as part of the marketing and communication mix, is becoming increasingly important for companies in their attempt to open a dialogue and more subtle relationship not just with their direct potential customers as main stakeholders, but also with the wider public and society in general. This growing importance is being ratified with the fact that sponsorship is no longer perceived and defined as a ‘subcategory’ within the rest of the communication tools, but as a complex category with its own functioning, challenges, and trends. In these efforts to reach customers’ attention, scholars and companies tend to endorse the concept of sponsorship activation or sponsorship leverage, which, in simplified form, suggests to do something more with your basic sponsorship deal and take the opportunity to exploit untraditional ideas and actions. Moreover, this notion seems to move out from just a collateral activity of the sponsors and establishes itself as a central point in managing and utilizing a sponsorship deal. The paradoxical reality of the Olympic Games, where sponsors are forbidden to brand the facilities and participants, but they are still keen to invest enormous amounts for
the rights to be associated with the games, only confirms the significance of sponsorship activation.

The objectives of these sponsorship operations are manifold and could be customized to individual corporate needs and expectations. Throughout the history, they developed and stretched out from simply attaining brand awareness, through managing PR and CSR outcomes or employees’ involvement, to impact on the bottom line sales and complex building of the corporate image. For this reason, companies tend to take their sponsorship relationship and sponsorship leverage out of the traditional boundaries, and explore various creative and innovative actions which would establish an emotional bond with their customers and influence purchasing behavior.

For this purpose, substantial amount of financial and other resources for sponsorship activation are invested on top of those needed as fixed cost for securing a sponsorship. At the same time, managers have difficult times to justify such big budgets as merely none of the actions undertaken are easy to measure, if possible at all. In absence of a sophisticated model, measuring the Return on Investment or Return on Objectives is just a faded attempt to validate a sponsorship relationship, and it is far from perfect. At the same time, the new trends advise to allocate the energy and capacity not in trying to measure the outcome, but rather in trying to make the best out of the sponsorship relations. This is just one of the reasons why academia and businesses agree that sponsorship as such, and sponsorship activation especially, is an area in marketing still largely unexplored both in literature and practice.

The notion of ‘ambush marketing’ which, arguably, has already become an integral part of all major sport events, only confirms there are many uncharted and grey areas in the world of sponsorship. The battle seems to be endless and without a near horizon for reaching a solution between the official sponsors, that perceive ambushers as ‘parasites’, and ambushers, that claim to conduct legal and moral ‘parallel’ marketing.

Nevertheless, there are evident and scientific proofs that expenditures in sport sponsorship and sponsorship activation increase year by year. Hence, the future period is
expected to be characterized with new trends and innovations, improved researches and measurements, but as well new challenges and obstacles. Companies and properties will aim to crystallize their expectations from the sponsorship relationship prior entering into an agreement. Right holders will try to optimize the concept of ‘eduselling’ by serving sponsors with activation and other ‘to do’ guides of how to maximize their sponsorship. Sponsors will work to involve the audience by interaction, integration, and customization as oppose to bombarding it with obtrusive advertising messages. New media has already been placed in a central role in this process and it will continue to surprise and extend the limits of creativity.

Anyhow, regardless of all the efforts, capacity, and budget allocations, some companies will always have easier access for fulfilling their objectives, and will enjoy better sponsorship relationship, due to the convenience of the industry they are in, intrinsic values of the company, and the natural association with the sponsored event or personality.

The main notions and takeaways from this first introductory part of this paragraph are visualized in the graphic chart presented below, as an attempt to create a ‘mental map’ which will help in bridging and conveying the theoretical message towards practical implementations of sponsorship activation in the further study to follow.

Figure 2 – Mental Map of Sponsorship Activation
3. Research Methodology

3.1 Research Methodology

3.1.1 Qualitative Research Approach

The scientific problem of this thesis was approached by using qualitative research method. Referring to Hendl (1999), the justification for accepting this methodological process is embedded in few selected and highlighted academic rules and perceptions:

• The researcher perceives the reality and the scientific problem as something to understand and interpret, rather than to test and confirm, where people’s choices should be free rather than determined;
• The qualitative approach gives the researcher the needed reflexivity in reacting and adjusting to the outcomes during and in the middle of the research process;
• The nature of the topic expects and even requires from the respondents to be subjective and open in their opinions;
• The study does not state any hypothesis and does not defend a statement or a theory to prove. Instead, its purpose is to analyze and compare two related tools of a given industry.

3.1.2 The goal of the scientific research

The general aim of the thesis is to theoretically and practically compare the benefits and drawbacks of the two marketing platforms aspired to achieve given corporate goals, which should then find use in two general areas. First, it should enrich the academic books and theoretical knowledge in marketing. Second, it should help decision makers in their everyday challenges. In order to achieve the above mentioned aim, the project conducts a research which seeks to answer the following:
3.1.3 Research Questions

• Which of the two promotional tools marketing decision makers prefer and tend to use, taking into consideration challenges like budget limitations or world economic crisis?

• Which are the crucial factors that can persuade a marketing decision maker to be inclined either towards sport sponsorship or towards traditional advertising?

3.1.4 Identification and selection criteria of researched subjects

The interviews were conducted based on a two-level selection:

• Selection of companies

It was estimated that, in order to achieve theoretical saturation where any further interview will not bring any significant contribution to the research, ten respondents would be sufficient, given they:

• represent international companies
• own prominent and recognized brands
• come from different industries
• operate in the Czech Republic and globally
• enroll as big marketing spenders

As a result, the companies and brands enrolled in this research are Volkswagen, Adidas, Johnson & Johnson, UniCredit Bank, Mattoni, Danone Actimel, Birell, and dm drogerie markt.

• Selection of respondents

A prerequisite for suitable interview was to engage respondents on decision making positions i.e. marketing managers, brand managers, or general managers and CEO’s, taking into account their:

• experience i.e. senior level;
• access to information;
• willingness to share information.
3.2 Organization and technics of data collection

The overall work contains two phases of data collection, from secondary and primary sources. The full organization and presentation is specified below.

3.2.1 Method of data collection (phase 1) - Secondary data collection

Even though the qualitative research methods do not defend in advance any given theory, this work needs to partially and sensibly rely on existing theoretical inputs. Therefore, data is collected from academic books, scientific works, recognized marketing articles, and other relevant and already validated sources. The collected data and information are elaborated in Chapter I and mainly in Chapter II, paying attention to the ‘triangulation’ process i.e. to diversify the outcome based on different periods and sources.

This phase serves only as a starting point towards deeper analysis of the scientific problem as it is specified in the phase 2 below. Indeed, the task of phase 1 is to deal mainly with theoretical background in defining sport sponsorship and traditional advertising and by this to:

- help to clearly understand the scientific problem;
- explore and define the position and the most important aspects of sponsorship and advertising in existing academic literature;
- outline the concrete sport sponsorship and advertising actions and peculiarities opted for comparison;
- set the grounds for further research and analysis.

3.2.2 Method of data collection (Phase 2) - Primary data collection

The basic approach of qualitative research used in the work is ‘phenomenological study’, adjusted to the needs of this work.
The justification and the reasoning for this type of study pays attention to understanding how individuals (managers) perceive certain experience in every day processes that makes logic in real life i.e. which is the meaning and how their experiences are structured in regards to the given phenomenon (the two promotional tools)?

3.2.2.1 Methods of data collection and organization

Among several different options suitable for qualitative collection of usable data, this work finds the most appropriate and adopts the two tactics below:

- structured interview with open questions (see appendix 1): enables to navigate the respondent to the main subject of interest, but at the same time it leaves an open space for free expression of opinions and experiences. This approach facilitates more comfortable analysis and easier categorization.

- Informal and phenomenological interview: instigates spontaneously generated questions during a natural flow of interaction; encourages answers, disclosure of information, and future plans and strategies, gives possibilities to apply previously absorbed knowledge.

3.2.2.2 Methods of data organization and interpretation

The process could be summarized in bullet points:

- Organization of data starts already with the collection of data
  - Taking notes;
  - Interpreting into logical sequence;
  - Identifying certain relationship between various answers;
  - Coding based on classes and factors (strategy, budget, percentage invested);
  - Phenomenological interpretation: convey one’s experience based on semi structured qualitative interview.

- Comparison of interviews and analytical induction
• Presenting each case alone and then in comparison to others;
• Relationship between data collection and process of creating theory.

3.2.2.3 Preparation and transcription of data

The qualitative research approach offers certain conveniences in collecting and interpreting data. This is translated into the possibility to prepare and transcript the data based on needs and the inputs collected. As a result, besides narrative explanation by the author, data was also interpreted by using ‘literal transcription’ where the respondents’ answers were literally quoted. Furthermore, the transcription underwent a ‘summary and selective protocol’ which eliminates repetitiveness, selects and integrates common thoughts and opinions, and generalizes on a higher level concept.

3.2.2.4 Validation criteria

This work undertook a ‘validation criteria’ as an inseparable part of the qualitative research approach, which helps to reinforce the purpose and usability of this study. In this aspect, few points were taken into account. First, it was important to capture people’s emotions and expressions in order to categorize their experiences and interpretations. Second, while selecting the respondents and companies, attention was paid on trustworthiness in terms of subjectivity or triangulation. Third, all respondents are exposed by name and surname, and all information are put at disposal, which gives an opportunity to reconfirm and revise any uncertainties. Lastly, all respondents were re-approached and given the possibility to evaluate if the transcription and interpretation of their inputs were accurate and relevant. Summarized in bullet points, this process included:

• Interpretative validity: cognitive processes, affects, emotions, commitment;
• Trustworthiness: personal relationship, objective consulting, triangulation process;
• Confirm-ability: available for revision, access to data;
• Communicative validation: where the respondent evaluated the transcription and interpretation of the collected material.

3.2.2.5 Limitations and Delimitations

• The work focuses purely on the marketing efforts as a central point of interest of this study, and therefore it distances from cultural, social, political, and other factors.

• The work focuses on new trends and contemporary practices. Historical references are mentioned and elaborated only to introduce and better understand the background of the discussed topics.

• The literature review is generated from globally accepted and applied academic works. The qualitative research is being conducted only in the Czech Republic; nevertheless, it engages internationally renowned brands and representatives. Therefore, this work has worldwide reach and application.
4. Summary of Results

To be fair, the extensive feedback from practically all of the respondents asserted that there isn’t short and straightforward answer to the scientific questions. In fact, this complexity of the situation was anticipated and expected, therefore the interview questions were arranged not to require direct and final declarations. Instead, the questionnaire was transcribed in a way to investigate and provoke sharing of broader opinions and suggestions. In this process, it was important to pay attention to two aspects. On one side, there was an attempt to explore the communication strategies and actions of the companies in more details, which was to secure the necessary quality of an in depth analysis. On the other hand, the outcome was supposed to focus on high level concepts and subtle expertise on the topic, which was the desired result of this work.

The attempt here is to discuss detailed logic of thinking and all the rationalities behind, as opposed to detailed daily plans and actions. For this reason, the initial base for further discussions and recommendations will be a simplified table (see table 2) with key takeaways from each interview. The idea is to present a comprehensive picture which would help the reader to better follow the patterns of behaviors and decisions, as well as to better understand the narrative comparison of different brands and different strategies. Indeed, it is always crucial to remember that our main audience is top managers that usually strive for short and concrete inputs, i.e. their request would be something like: ‘explain me in brief who is doing what and what are the main differences’.

The table 2 below is aimed to start a discussion and it is composed of rows for each of the brand elaborated in this work, and columns for each of the following circumstances and experiences:

- **Budget.** If the company is willing to disclose its communication budget;
- **Percentage.** What is the budget split, i.e. what percentage of the budget is allocated to advertising, sponsorship, or other promotional tools;
• **Influence.** If the global headquarters interferes in the budget allocation, i.e. if the local management is free to make the decisions;

• **Objectives.** What are the objectives, i.e. what is it expected to get from the communication investments;

• **Measure.** Whether the company measures the return on the investment and to which level this is important for them;

• **Activate.** If and how the brand is activated in connection to sponsored properties and leveraged by advertising campaigns;

• **Preference.** What is the personal preference of the respondent in terms of advertising and sponsorship;

• **Message.** The key message of the respondent as main suggestion and takeaway from the interview.

<p>| Table 1 – Executive Summary of the Results |</p>
<table>
<thead>
<tr>
<th>Factors / company</th>
<th>Budget</th>
<th>Percentage</th>
<th>Influence</th>
<th>Objectives</th>
<th>Measure</th>
<th>Activate</th>
<th>Preference</th>
<th>Message</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volkswagen</td>
<td>Fully disclosed</td>
<td>Ad: 90% Spon: 5-7%</td>
<td>Almost free</td>
<td>Sympathy, loyalty, sales</td>
<td>Rather important</td>
<td>Very much yes</td>
<td>Combine</td>
<td>Keep it simple</td>
</tr>
<tr>
<td>adidas</td>
<td>Rather confidential</td>
<td>Ad: 50% Spon: 50%</td>
<td>Remotely, rather free</td>
<td>Deliver experience</td>
<td>Standard and special KPI</td>
<td>Yes, but should be more</td>
<td>Activate whatever it is</td>
<td>Activate and leverage</td>
</tr>
<tr>
<td>J&amp;J</td>
<td>Rather confidential</td>
<td>Strictly ATL (TV)</td>
<td>Strong, discouraging</td>
<td>Reach, cost per point (CPP)</td>
<td>Very important</td>
<td>Cannot be applied</td>
<td>More digital, less TV</td>
<td>Abandon ‘one size fits all’</td>
</tr>
<tr>
<td>UniCredit</td>
<td>Rather confidential</td>
<td>Ad: main, Spon: supportive</td>
<td>Free or willingly centralized</td>
<td>Quantity and quality criteria</td>
<td>Yes, each campaign separate</td>
<td>Very much yes</td>
<td>Explore digital media</td>
<td>Be creative</td>
</tr>
<tr>
<td>Mattoni</td>
<td>Only in percentage</td>
<td>Ad: 50% Spon: 35% Other: 15%</td>
<td>They are central office</td>
<td>Customers coming back</td>
<td>Yes, classic approach</td>
<td>Yes, common sense</td>
<td>Direct contact</td>
<td>Continuity</td>
</tr>
<tr>
<td>Actimel</td>
<td>Confidential</td>
<td>Ad: 90% Spon: 10%</td>
<td>Rather yes, but localized priorities</td>
<td>Reconnect with emotions</td>
<td>CPC + qualitative measure</td>
<td>Yes, but only creatively</td>
<td>Combine, digital</td>
<td>Create touch points</td>
</tr>
<tr>
<td>Birell</td>
<td>Rather confidential</td>
<td>Ad: 70% Spon: 30%</td>
<td>Reasonable, encouraging</td>
<td>Reach and sample</td>
<td>Strong, very important</td>
<td>Yes, very advanced</td>
<td>Full mix, use it all</td>
<td>Simple, clear, creative</td>
</tr>
<tr>
<td>dm</td>
<td>Rather confidential</td>
<td>Ad: 40+10 Spec: 40% PR: 10%</td>
<td>No, only as benchmark</td>
<td>Applause from customers</td>
<td>Not important for CSR</td>
<td>Only as a project</td>
<td>Linked to industry</td>
<td>Choose carefully</td>
</tr>
</tbody>
</table>

(Belovski, 2016)
5. Summary of Discussion

In this chapter we will start discussing and commenting the matrix of circumstances and opinions elaborated in Chapter IV. In this process, we will see if we can draw a pattern of behaviors on concrete topic and, more importantly, if we can come up with a useful and practical recommendation.

5.1 Discussion on Budget

Nearly all of the respondents felt reluctant to disclose their communication budget. In fact, the only brand i.e. person that undoubtedly said the concrete amount was Mr. Harant from Volkswagen. Curiously enough, the author’s feeling was that this general unwillingness seemed to originate from somewhat unconvincing personal judgments, and not from strict corporate policies or confidentiality clauses. The consoling compromises were then resting in certain partial budget disclosures articulated in terms of percentages, industry standards, or other vague descriptions. This is the reason why the prevailing number of columns in this matrix includes the word ‘rather’ in explaining the budget strategy.

5.2 Discussion on Percentage

It is pretty much obvious that companies are more inclined towards advertising and associated ATL campaigns. While at most companies this inclination is relatively balanced and reasonable in comparison to sponsorship investments, we witness the example of Johnson and Johnson where the percentage share is completely in favor and strictly imposed to support ATL communication. Hence, advertising can be classified as the main promotional option for brands, whereas sponsorship remains to keep the supportive role. Anyhow, we also witness a situation where many of the respondents were not completely sure where a certain action or campaign belongs. Indeed, some of the items carry elements of various promotional tools and channels such as digital ATL and BTL platforms. Therefore, if we continue to look deeply into and analyze companies’ cultures, daily practices, and terminology used, we will notice an increasing trend of
customized approaches towards this question. In fact, some of the respondents were using and introducing their own cluster of communication platforms bundled in a non-traditional set of activities. For instance, dm drogerie markt makes us acquainted with ‘dialogue marketing’, which enjoys its own significant share of the communication budget, and doesn’t fall under typical ATL (advertising) or BTL (sponsorship) campaigns.

5.3 Discussion on Influence

The matrix shows us that there are as many levels of centralized influence as there are companies. In general, it can be claimed that headquarters really tend to interfere in the decision making process of the local marketing team, in some cases more and in others less. We could say that this is quite expected, necessary, and there is nothing wrong with it. There is also nothing new in the fact that there are always positive and negative aspects in imposing certain rules. On one side, a central involvement makes sure strategies and process are followed and integrated, which helps to keep the main focus and be in line with the overall brand strategy and positioning. On the other side, this generalization might slow down the need for fast reaction on market challenges, lose the necessary flexibility and swiftness of the brand, or fail to adapt to local peculiarities in the area. Thus, the key seems to lie in establishing the right level of interference and in the virtue of making this influence to be perceived as welcomed and well received.

5.4 Discussion on Objectives

Marketing and management books very often teach us that company’s objectives, by traditional definition, need to be linked to quantitative expressions for success. This is usually translated into absolute numbers or percentages of increase or decrease in desired outcomes. In marketing and communication, this definition should be especially applicable for ATL campaigns, such as measuring the success of TV advertising as a prerequisite for increasing brand awareness. In addition, new and ever increasing digital opportunities put another light to
the whole industry. In fact, this is agreed by both academic and business sources as we can confirm from the outcome of this work. As a result, we come across more sophisticated objectives and vocabulary that include ‘Return on Objectives (ROO)’, ‘Cost per Action’, or ‘making a positive contribution to the society’, which gradually seem to replace, or at least amplify, typical and simple expectations of ‘brand awareness’ and ‘reach’. Here, it is important to notice how this new terminology and way of thinking tacitly distances itself from objectives that are measurable by nature. As a matter of fact, the respondents in our research rather spoke about benefits such as winning sympathy, offering experience, evoking emotions, reconnecting with the target group, building a circle of trust, or even getting applause by the public, which have nothing to do with standard and measurable key performance indicators. To be fair, these desired objectives were expressed more in relation to the expected outcomes from sponsorship cooperation, but at the same time they were presented as more substantial and philosophical positioning of the brand, which then incorporates the ATL objectives as a higher level of strategy. Herewith, it can be implied that the objectives of advertising, which are measurable, are sublimated through the objectives of sponsorship, which are more difficult to measure.

5.5 Discussion on Measure

Measurement, without a doubt, appears to be very important element for companies. All of the respondents confirmed that they are using agencies and various methods to get clear feedback on the success of their campaigns. In this process, different brands have different priorities and key performance indicators, such as ‘cost per contact’, audience reach, amount sampled, etc. All of these pointers are representable in concrete numbers and figures, and provide comfortable knowledge for the managers to justify budget allocations. The question here is whether those performance indicators are really the key for true evaluation of the brand success. As a matter of fact, we’ve already noticed that managers are interested in and talk more about non-quantifiable benefits for the brand, whereas all those measuring actions are
only peripherally mentioned and perceived almost as a necessary burden. This reality indicates that the industry starts to understand there is a lot more behind the traditional measurement of the success of communication campaigns. Moreover, managers seem to take a step further and use their gut feeling when deciding on the budget split and campaign expectations, which is already an effort to inject a non-quantifiable input into the decision making process. Here, the challenge seems to be how to give a comfortable strategic and scientific touch of actions that are impossible to measure.

5.6 Discussion on Activation

The agreement among all the respondents about the benefits from activation of the sponsorship deal is pretty much a straightforward conclusion. Moreover, it really seems that managers are keen to speak more about new ideas for activation instead of standard sponsorship visibility and promotion. This indicates, as academic sources indeed confirm, that sponsorship activation moves away from collateral side-effect of a cooperation, and starts to have a more central role in company’s sponsorship strategies. In continuation, companies now allocate additional budget for activation, not on ad hoc basis, but based on carefully studied and developed strategies that aim to fulfil the brand’s goals and objectives. Again, these objectives and linked to a desirable outcome of achieving emotions, winning sympathy, gaining trust, and generating positive feelings. At the same time, in some cases interviewed managers appeared to be unhappy with the budget allocated for activation, and felt eager and in need to invest more in those unconventional methods.

5.7 Discussion on Preference

When it comes to personal preferences of our respondents between advertising and sponsorship, the common denominator in their answers seemed to lie in the words “it depends”. This answer certainly doesn’t satisfy our curiosity and quest for knowledge, but once we explain further, we will see that the feedback narrows down few key elements to be
considered. First of all, it is important to state that those two promotional items and not perceived as directly comparable and mutually excludable items, in a sense that it must be chosen one of the two. Instead, they are observed as compatible and companionable that ideally should support and complete each other. Furthermore, it is quite certain that their future belongs to the digital world, which even more enables them to be linked and interrelated from the aspect of unique communication message, unified budget, common objectives, or ideas for activation.

5.8 Discussion on Message

As a symbolic and catchy closing of the interview, respondents were asked to shout out their favorite phrase, motto, idea, sentence, etc., which would represent their way of working and reflect their decision making process. The feedback was quite amusing and useful, and it incorporated both concrete links to the company in question and general slogans for common use. In any case, it can be said that all of the notions are applicable for many brands and in many circumstances. Furthermore, these kinds of recommendations by the respondents are not mutually exclusive, and readers can apply more or all of them when considering their communication and corporate strategies.

5.9 Summary

The first impression about the scientific questions raised in this work might be that there isn’t a big drama happening around the subject of modern day marketing and communication. Things that happen around us seem to occur and develop in a somewhat unnoticeable and natural flow of actions which shape the world of advertising and sponsorship. On the contrary, once one starts to investigate deeper, there appears a massive and complex marketing establishment under the surface. This sophisticated structure brings along many different challenges and opportunities that managers are facing and coping with. The above findings and comparison of advertising and sponsorship only show how different approaches,
opinions, and techniques companies can have when handling budgets, strategies, and other corporate matters. We touched upon several different aspects that helped to understand how managers behave and based on what they make their decisions. At the same time, if we make a parallel with previously studied academic sources, we will notice that they are some areas that don’t come automatically to one’s mind to talk about. For instance, managers are keen to speak about opportunities and ideas, but they don’t explicitly mention, for instance, legal issues of behavioral marketing or other similar topics. Furthermore, authors of such work must not fail to sense and capture some implicit trends of behaviors that sometimes even the respondents are not aware they represent them. For instance, in this work we could feel that while some brands claim they categorically don’t include sponsorship within their communication strategy, in practice they do enter into sponsorship deals and support sponsorship activation. This suggest that the perception and definition of sponsorship might slowly change into more subtle form of communication tool, which alerts us to watch out for newly evolving trends of communication.

In line with this, our respondents openly discuss or imply an intelligent marketing which seems to be deleting the obvious line and border between various promotional tools. This leads to a point where it will be impossible to distinguish with certainty if a promotion action belongs to advertising or sponsorship campaign. This integration falls under modern digital and social media platforms that uncover a sea of new unknown opportunities.

All this suggests that this topic is inexhaustible for further future research that can go in two main directions. First, it can focus on one specific area linked to company’s communication, such as specific promotion tool, economics, or legal matters. Second, it must be continuously updated and keep the pace with the rapid change in technology and trends.
6. Conclusion and Recommendations

6.1 Conclusion (theoretical contribution of the dissertation work)

One of the main motivations to write this work was to enrich the academic books with modern and updated views on advertising and sponsorship and, by this, to provide additional background and platform for further analysis and studies.

The theoretical contribution of this work gives an academic value from several perspectives. First, it puts together in one place different authors and picks up relevant part of their works that study or mention the comparison of different tools in the communication mix. This accentuates the historic as well as the status quo position among the scholars on this topic, and opens a door for upgraded knowledge and sharing opinions. In line with this, it gives bigger academic relevance of these two promotional tools in connection and to the needs and peculiarity of the sport industry. Next, it enriches the definitions and the understanding of advertising and sponsorship while taking into account new and emerging trends and media such as social platforms and digital solutions. This contributes to recognize potential evolutions or revolutions in the industry and helps to prepare the academic world for the smoother transition of new trends that come from the fast developing business world. Last but not least, this work gives a theoretical contribution in a sense that overtly or covertly passes the captured knowledge for further use and study. Therefore, in the following conclusive line we will try to summarize the main takeaways and learnings from this work.

We have seen in this work that marketing and communication trends have always been gradually progressing and changing. In the past, the pace of the progress was somewhat slower, even dormitory at some points. Lately, new technologies and favored digital and social media speeded up this process to a pace that is even difficult to follow. Some perceive those developments as evolution, others as revolution or even paradigm shifts. In any case, now we live in a complex marketing environment where numbers of factors and elements influence our decisions and actions.
The task of this work was to study how brand managers and other decision makers cope with challenges when choosing their communication strategies and make budget allocations. We chose to focus on sponsorship and advertising as two promotional tools of the communication mix that seem to be most antagonized and commented. What we’ve learned is that simple and linear comparison of the two is misleading and, in fact, untrendy. If we have to give a simple statement, we would have to say that traditional advertising still proves to occupy the largest portion of the budget, whereas sponsorship is usually only a five to ten percent fracture of the total. This would suggest us to believe that managers simply prefer and trust more classical ATL campaigns, and do not perceive enough benefits from BTL activities. However, this is not true and deep qualitative research and interviews with expert respondents would clarify the real situation. Hence, we learn that the objectives and goals of the communication strategy take new directions and demand different expectations than usual. Indeed, the priorities do not correspond with the overwhelming ATL communication, but they shift towards achieving more subtle effects that are naturally closer to BTL and sponsorship efforts. In other words, the main traditional objectives used to be set to show percentage increase in quantifiable measures such as knowledge of the brand or direct sales. Now, brands pursuit to achieve other results that are difficult and even impossible to measure, such as gaining public sympathy, delivering emotional experience, receiving applause, and building loyalty and trust.

Achieving such refined objectives, or even only justifying them, is not an easy task for managers. This approach means they need to ignore the preconceived corporate requirements to measure the return on their investments and present direct benefits from a given campaign. Fortunately, the business community in general seems to understand and support this trend and the necessity to adjust to new philosophy, which gives the managers the energy and the mandate, formal or informal, to use more their gut feelings and common sense when making their decisions. Therefore, we witness companies feeling comfortable to explore new opportunities and try unconventional methods to achieve business success.
As mentioned earlier, digital marketing, and especially social media, are the main impulse of all the modern trends and newly formed and evolved communication opportunities. These platforms enable brands to convey their message to their audience in a more personal and targeted way, which is believed to influence better the mindset of a consumer and bring more concrete results. What is more important for the purpose of this work is that we learn how digital media infuses itself into and becomes relevant for both advertising and sponsorship communication. This brought new light on the research and provoked us to think a bit differently when analyzing the scientific questions and trying to answer if managers prefer advertising or sponsorship and why. In fact, we learned that managers feel less and less need to directly compare the two and decide how big budget will allocate to the first and the second. Instead, digital and social media seem to bring them closer, offering channels for them to naturally integrate and merge. Actually, we also learned that such synergy creates a situation where our respondents in some cases were not able to distinguish if a platform or an action belonged to advertising or sponsorship. Even more, they didn’t seem to be bothered by this situation, which also implicitly sets another important milestone in the communication mix. That is, straight lines and borders between various promotional tools are disappearing and it might soon happen that the business community will not be able to recognize the relevance of the academic traditional definition of communication mix.

Truly, the business community appears to spend their capacity, energy, and resources to make sure the company doesn’t miss or overlook a trendy marketing opportunity. As a result, we learn how our managers and companies in question practice and support an approach where they claim a budget in order to implement a creative idea, and don’t limit themselves with fixed budget for fixed promotional tools decided ahead. The earlier mentioned infusion of digital media among advertising and sponsorship is best endorsed only if properly activated. In other words, brand activation is the new preferred vocabulary among marketers when it comes to the question how best to leverage company’s ATL and BTL efforts. Correctly, even traditional platforms associated with ATL campaigns are subject to creative and innovative activation. In
this sense, we further learned that until recently companies didn’t consider allocating a specific budget for brand activation, and remembered the need only on ad hoc basis. However, nowadays as future trends suggests that brand activation moves away from being a collateral burden on the budget, and instead takes a central role in building the communication plan and strategy.

So, what all of the above suggests for what regards our scientific questions? First, it says that marketing decision makers do not prefer and tend to use neither of the two promotional tools, at least not in the form we historically know and practice them. Everlasting challenge like budget limitation or occasional circumstances and reality of world economic crisis only motivates the decision makers to even further distant themselves from straightforward simple plans. Instead, modern managers seek and are brave to pursue new ways of communication that, in our case, seem to represent a hybrid form of mass advertising that reaches millions and thus achieves desired quantity, subtle sponsorship that emotionally touches the hearts of communities and thus achieves sensitive quality, modern digital and social media channels that serve as a connecting bridge between ATL and BTL actions, and brand activation that gives a soul and widely acceptable and applauded purpose to a communication campaign. Second, the crucial factors that can persuade a marketing decision maker to be inclined towards sponsorship or traditional advertising, or towards our hybrid form of communication, is the new reality which demands higher sensitivity and sophisticated thinking and judgments that sometimes require out of box approach and courageous ideas.

To conclude, this work enabled to understand how some shifts in practices and trends happen with such a delicacy that sometimes even the main actors are unaware that they are being part of creating the future of communication. At the same time, rapid evolution and revolution in digital media can disturb the market to such a level that business must rush in order to manage and explore them properly. Hence, the communication mix as we know it seems to be disrupted, and academic literature will need to keep the pace of the businesses in
order to be able to provide relevant and up to date information to future managers and decision makers.

6.2 Recommendations (practical contribution of the dissertation work)

The following and final part aims to summarize a set of recommendations that should find their usage in business practices. The author hopes to assist the daily life of practitioners to make better judgments and marketing decisions.

Following the structure of the factors that influence decisions, and aiming to be as concrete as possible in providing fruitful feedback to the readers, the recommendations are given in a breakdown of points as collected during the interviews with the respondents.

6.2.1 Recommendations on Budget

The example of Volkswagen suggests us to feel comfortable and proud to disclose the communication budget, at least for academic purposes and to close business partners. It motivates to bring this topic up to the top management and, if relevant, even to the headquarters. In case there is a corporate rule against it, one should challenge it and ask for justification. We are offered a great reference and business practice in the brand of Volkswagen. Truly, these days it is to a certain extent a moral duty to be transparent. Moreover, this kind of transparency would not only help a brand ostensibly and artificially to win favorable PR points, but it could genuinely help the decision making process and give a competitive advantage.

6.2.2 Recommendations on Percentage

One should not limit himself or herself with conventional models of budget allocation. We should think out of the box and try to understand the tailored needs of our brand, our customers, and our industry. Managers should create their own cluster of activities that best fulfill brand’s goals and objectives, and consequently allocate a communication budget to it.
New forms of media will only become even more integrated and complex, which will make nearly impossible to differentiate what is the origin of the given promotional tool. It is not a mistake to deliberately jump from one platform to another, identify in which way they can best work together, and link them into one meaningful set of communication channels.

6.2.3 Recommendation on Influence

The example of Johnson and Johnson insinuates that heavy central influence on decisions and strictly imposing approach can be discouraging for the local management. Even more, it encourages a feeling of need to circumvent and look for a way to break the rules, which even though can be done in good faith and for the wellbeing of the company, it still can be dangerous. On the other side, the model of Birell proves to be greeted by and encouraging for the marketing team. In a nutshell, the team is simply acknowledged for being creative and innovative, and their communication proposals are very often accepted and awarded with a budget allocation. Hence, the recommendation on this question could be summarized as a message to the headquarters to find a way to establish rules for budget allocations that will be encouraging for the multiple-level management.

6.2.4 Recommendation on Objectives

Trends imply, somewhat unconsciously, that the future brings a situation where competitive advantage will be searched in places that are difficult to measure. Standardized KPI’s that agencies use are becoming, indeed, too standardized, and are lacking a touch of personalization and tailored consideration. This linear method of setting objectives might satisfy the surficial needs for understanding the wellbeing of the brand, but it doesn’t give subtle and intelligent indications for long term strategic objectives and directions. From another perspective, if traditional objectives were once a source for worthy ‘information’ on company’s growth and security of the brand, managers should try to perceive it now more as a simple ‘data’ which doesn’t tell us much unless we develop it further and turn it again in meaningful
information. The value of the newly born information, i.e. objective, should now rely on non-measurable and non-quantifiable benefits of the brand. To be honest, it might be still true that quantity and quality are two attributes that are counter-proportional in a sense that if you focus on and invest in the first one, the second one will inevitably suffer, and vice versa. Nevertheless, our respondents have already implied some successful efforts where they managed to satisfy their priorities of reaching out to large audience of targeted market (by participating in the biggest sport events) and, at the same time, interacting directly in emotional language and occasions (by creative brand activation program). The key takeaway from this topic is that quantity and quality are not mutually excluding elements, and brand managers should be encouraged to work on strategies and ideas that will reinforce this perception.

6.2.5 Recommendation on Measure

Managers implicitly think about two options how to approach this challenge. The first one would be simpler and it would involve a strategic decision of the management. In this sense, the advice would be to aim to recognize in which cases classic measurement instruments are not necessary, i.e. one should not push blindly the idea that the communication campaign must be measured. Instead of worrying that you don’t know if and how much your investment returns, put your efforts and resources to maximally leverage and activate the campaign, in both cases of ATL and BTL actions. The second option needs a more complex and time consuming analysis, but it would provide a qualitative feedback from the market that is scientifically supported. Namely, qualitative research processes already include a method of ‘observation’, which seems not to be very much explored by the business community. In fact, this study makes us realize that ‘observation’ was never mentioned in the academic review, and we can only interpret and assume that our respondents actually practice it unsystematically, which suggests that companies only further distant themselves from scientifically observing the market. At the same time, the method perfectly fulfills all the scientific criteria, especially and
mainly when it comes to qualitative response from the audience. In fact, this approach might give us the best answers on the questions of brand sympathy, loyalty, trust, reconnection, experience, emotions, and applause. Hence, the success of the brand and its communication campaign would not be expressed in numbers, but at the same time, it would offer a numerical platform to explore qualitative attributes and associations. The key takeaway from this paragraph would be that new trends and expectations bring a situation where somewhat forgotten method of observation could be a calming and scientifically accepted way to justify a budget based on qualitative benefits, and as such it deserves a chance to be revived in practice.

6.2.6. Recommendation on Activation

There are three main takeaways that link all the companies studied in this work, for what regards this question of activation. First, it is for certain that brands must be activated. Even more, this statement is valid for both sponsorship (BTL activities) and advertising (ATL activities), ideally in an integrated and combined way. Second, there is a general common understanding that brand activation deserves larger portion of the communication budget, i.e. the ratio between a sponsorship fee, which is usually higher, and activation fee, which is almost always only a fragment, should be more balanced. Third, and most important, investing in brand activation is useful and effective only if it is done with lot of creativity and subtlety. In fact, few examples of our respondents implied that creative ideas don’t necessarily require larger budget, instead they can even save costs.

6.2.7 Recommendation on Preference

The outcome of the question of preference can be simply summarized through the different answers by the respondents that translate the ‘it depends’ approach they stick to. Simply, advertising and sponsorship should be combined. In both cases, managers recommend to bet on digital trends that truly infuse themselves throughout all communication tools. In line with this, it seems that television is the media that will suffer the most due to its impersonality.
and expensiveness. However, managers also tell us that the key is to activate, whatever promotional channel we choose and prefer. In addition, such an activation should secure direct contact with key prospects, which is another favorable outcome reached either through advertising or sponsorship. The preference for the first or the second tool also depends on the industry the brand is operating in, so this must be taken into consideration as well. At the end of the day, if the company is able and has the opportunity to heavily use both of them, then it should do so for sure. In fact, managers should feel privileged if they are in position to explore the full communication mix.

**6.2.8 Recommendation on Message**

Herein below, we will try to state and interpret each single one separately, accompanied by a short key take away message next to it.

- **Keep it simple and don’t make a science out of it** i.e. everything should be made easily digestible for the customers. Too much complication and sophistication will kill the success.
- **Activate and leverage** i.e. sponsorship should not start and end with dressing up a football team.
- **Abandon the idea ‘one size fits all’** i.e. communication adjust to the peculiarities of local markets will be noticed, well received, and appreciated by the customers and consumers.
- **Be creative** i.e. I don’t expect we can be any more innovative in television, but the online industry has a lot of space for creativity and development.
- **Continuity** i.e. you buy our product, we say thank you in one way or another, and as a result you buy it again.
- **Create touch points** i.e. it is not smart if the sponsorship activities are there just to support a brand awareness campaign. There must be a more subtle program around it where the main drivers will be ‘emotions’ and ‘engagement’.
- Make it simple, understandable, creative i.e. an iron simply irons, a mixer simply mixes.
- Choose carefully i.e. a sportsman shouldn’t promote an unhealthy product, or a product that has nothing to do with his or her natural area of functioning.
REFERENCES USED IN THIS SUMMARY


