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

DISsertation Work

Author: Sašo Belovski


Workplace: Department of Management of Sport

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Statement of Originality

This dissertation represents the original work and contribution of the author, except as acknowledged by general and specific references, and has not been submitted for a higher degree at this or any other university.

Signature

Date

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Acknowledgement

To everyone who help me, knowingly or unknowingly, to become a better person.
With deepest humbleness, appreciation, and gratitude.

To my family, to my wife, to my Maksim.
With love.
Abstract

Advertising and sport sponsorship can be a complex area, and a subject to different interpretations and approaches. Managers find themselves in situations where they must make a decision and undertake risks based on their personal experiences, expertise, and gut feelings. 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.

This work aims 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, and which are the crucial factors that can persuade a marketing decision maker to be inclined either towards sport sponsorship or towards traditional advertising?

A review of literature presents how the existing academic sources differentiate these two marketing tools, and illustrates the open questions the author attempts to discuss in regards to them. The main direction is to draw attention to the general belief that there is uncertainty among the decision makers whether to prefer sponsorship or advertising.

The main research relies on qualitative methods of ‘phenomenological study’, with the goal and the reasoning to understand 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)? This knowledge was captured through personal interviews with relevant decision makers of renowned brands and companies.

Finally, a conclusion and recommendations gave purpose and significance of this work as a platform for further academic studies and researches in the given subject, and as a practical guide book containing the latest practices used by companies, based on which managers can compare and evaluate decisions of others and optimize their own judgments.

Keywords
Marketing, Communication, Sponsorship, Advertising
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CHAPTER I

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, the 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).

**Defining advertising**

At the beginning of the 20th century, Alber Lasker, today generally regarded as the father of modern advertising, defined advertising as “salesmanship in print, driven by a reason why” (Arens et al., 2008). In that period, advertising was already considered as important promotional tool, that Frank Robinson, the man who gave the name to Coca-Cola, thought that “the two Cs would look well in 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). Shimp and Delosier (1986) furthermore try to distinguish advertising from the other promotional tools in the marketing mix by pointing out four relatively distinct characteristics:

- **Public presentation.** Advertising is massive and public in nature; it is out where everyone can see it.
- **Pervasiveness.** Advertising is nearly ubiquitous; it seems to be everywhere all the time.
- **Amplified expressiveness.** Through its utilization of music, dramatic visualizations, and creative expressiveness, advertising dramatizes and sometimes exaggerates product offerings.
- **Impersonality.** Advertising is relatively impersonal form of communication because it is transmitted via mass media and not person to person.

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.

**Defining sport sponsorship**

Many authors and academic works offer various definitions of sponsorship and advertising, which results with a common agreement among the scholars that there is no definition or author which is perceived as unique and complete in explaining the two terms. For instance, sponsorship might be observed, and hence defined, from either marketing or legal point of view. Furthermore, English, French, or German speaking societies might prefer different definitions from different authors. 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. Therefore, it is also important to distinguish sponsorship from the concept of donation or philanthropy. In sponsorship, the sponsor provides the sponsored with financial and ‘In-Kind’ value for which it expects and requires to receive from the sponsored party clear and measurable benefits in return. The donor of a donation, on the other hand, does not require compensation and does not expect direct tangible benefits from the receiving party. Hence, the position of the sponsor is: for which reasons am I supporting institutions and businesses from the area of sport? The question that sponsored parties ask themselves is: why should sport organizations seek sponsors and what can they offer in return?

In this respect, sponsorship contracts might include, among else, the following provisions:

- right to use the name, logo, brand, and graphical presentation in connection with a product or event. This right can be used in any advertising, promotional, and communication activities of the sponsor.
- right for exclusive connection with the product or service.
- right for connection with the title name of the event of facility.
right to use different names in connection to the product or event, such as “General Sponsor”, “Official Supplier”, “Official Product”, etc.

right for services (use or exclusive use of a product) or right to use the bought product or service in connection with an event or facility.

right for conducting standard promotional activities in connection to the sponsorship contract, such as contests, advertising campaign, or selling activities.

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”.

Interrelation and comparison of the two marketing tools

Obviously, the importance of the two marketing tools of promotion evolved through the history to be perceived as, and thus located in, one and integral bundle of marketing communication mix. Various scholars and materials argue that the origins of advertising, sponsorship, and marketing as such, could be traced back to some very basic forms of promotion in the ancient world. Anyhow, for the purpose of this project, the author will concentrate on modern-history marketing definitions and applications. Hence, one example of the modern historical beginnings of intercrossing between sports and advertising would be the “tobacco cards, featuring the baseball stars of the day, (which) first appeared in the 1870’s” (Gladwin, 2011). A typical linkage of sports and sponsorship would represent the fact that “for the first Berlin Olympics of 1936, Adi Dassler of Adidas provided spikes free of charge to the sprinter Jesse Owens” (Gladwin, 2011).

Smolianov in his two co-written articles (2005, 2009) agrees with the opinion of other authors that the management and evaluation of corporate event sponsorship and advertising through sport require better understanding. Namely, “…an estimated 70% of traditional broadcast media campaigns are evaluated, and only 28% of sponsorships are measured”. He shares the suggestion of many that the best practice was to ‘integrate’ sponsorship with
advertising and point out that "it seems that integrating advertising and sponsorship for three to eight years could be more effective than only sponsoring an event for over 10 years without integration, objective setting, and evaluation" (2005).

As we can see from the definition of the marketing mix, the outcome of using the first or the second marketing promotion tool is supposed to communicate the customers’ values and hence influence certain variables incorporated into a company’s overall goals and objectives. When it comes to the effects from company’s sponsorship activities, Walliser (2003) accentuates:

- **Awareness** where “three broad approaches may be distinguished: measuring to what extent the public takes notice of sponsors; identifying factors influencing sponsor recall/association, and analyzing the internal processes related to recall taking place in the spectator’s mind”,
- **Image** where “image transfer is investigated in conjunction with awareness and/or purchase objectives”, and
- **Purchase Intention** where the declared attitude is “more likely to buy sponsor products as compared to competitors’ (non–sponsor) products”.

In terms of advertising effects, Kotler (2008) points out the importance of setting the advertising objectives translated into

- **Informative Advertising** (eg. telling the market about a new product),
- **Persuasive Advertising** (eg. encouraging switching to your brand), and
- **Reminder Advertising** (eg. maintaining top-of-mind product awareness)

In order to achieve the company’s objectives and goals, the marketing message has to reach the specific target groups. Copeland et al. (1996), similar to other authors, suggest that this specified audience can be reached through sport sponsorship in a more direct and cost-efficient manner than traditional forms of mass advertising. However, he continues “...it cannot always ensure that events sponsored will be executed in a quality fashion or that an adequate return on investment will be achieved. Therefore, sport sponsorship is rather viewed as part of
a wider program of communication and it is used to complement rather than replace traditional marketing communication. As a matter of fact, Cornwell et al. (2005) explain that sponsorship requires leveraging (promotional spending in addition to the sponsorship fee) to obtain the greatest value, and advertising is often sponsorship's most valuable leverage. Basically, the desired outcome of sponsorship relies on the extent to which a sponsorship is leveraged once rights to commercial association have been obtained, i.e. "if the brand cannot afford to spend to communicate its sponsorship, then the brand cannot afford sponsorship at all" (Cornwell et al., 2005).

Meenaghan in his works (1999, 2001) extensively approaches, defines, and compares the interrelation of advertising and sponsorship from several different perspectives. First, he sees advertising as more traditional and ‘experienced’ branch of the marketing, while “commercial sponsorship, also known as ‘lifestyle, event, and sports marketing,’ is an increasingly important aspect of marketing communications activity” (2001). “In the case of advertising, both message content and media/media vehicle effect are reviewed as these two elements are essential ingredients of brand image formation; in the case of sponsorship, the media and message ingredients are not separate but are embodied in the chosen sponsorship” (1999). Second, advertising generates ambivalence among and a ‘love-hate’ relationship with consumers as it is perceived as benefit to the organization. On the other hand, sponsorship is described as ‘advertising plus’ where its goodwill is related to the sponsor’s investment in an activity with which the consumer has an emotional involvement. Further, advertising is presented as more overt in terms of intend to persuade which generates higher state of consumer’s ‘defense mechanism’ alert when confronted by advertising than when confronted by sponsorship. Even though this author seems to be more inclined towards sponsorship, he doesn’t forget to remind of some potential negatives which include issues such as sponsor interference, the propensity to focus exclusively on high-profile events, problems related to ticket allocations, and a tendency toward excessive exploitation. Even more, although results might indicate that consumers are more favorably disposed to sponsorship compared to
advertising, it should not be assumed that sponsorship is more effective in terms of generating specific desired consumer responses (Meenaghan, 2001).

From the definitions and interpretations above it can be understood that sponsoring and advertising interrelate and overlap. Both of them appear and intercross in modern history occasions, share similar objectives and goals that a company ultimately wants to achieve, but also they share the path towards accomplishing those objectives. Sponsorship is basically often used by companies as a platform for conducting an effective advertising campaign. When it comes to sport, Caslavova (2009) defines the term ‘sport advertising’ which basically represents traditional advertising media (outdoor, television, print, etc.) associated with sport on two different levels. First, companies might use conventional advertising platforms with sport motives (advertising on billboard at sport event, radio announcements during sport games, etc.). Second, advertising can be operated through specific media communication channels that sport offers, among which are:

- advertising on jerseys and other sports wear
- advertising on start numbers
- advertising on field boards
- advertising on sport equipment and tools
- advertising on result tables

Other particular communication platforms can be tailored and customized based on the nature and specifics of each sport. City marathons (PIM, 2011), for example, offer further opportunities for leveraging the promotion of the sponsor through specific communicational channels:

- advertising on the start bag
- advertising engraved on the medals
- advertising on inflatable objects along the race course
- advertising on the start/finish gate
- advertising on the gate clock
• advertising on the car clock

The polemics and debates in respect to advertising and sponsorship will only intensify if we take into account the rebel approach the International Olympic Committee (IOC) practices and stands for. Namely, one of the IOC’s fundamental objectives of Olympic marketing is “to control and limit the commercialisation of the Olympic Games” (Olympic, 2011) which practically questions the whole idea of sport sponsorship, especially when it comes to what can the sponsored party offer to the sponsor in return.

As further specified in their marketing file, “The IOC maintains the following policy objectives with regard to the commercial initiatives related to the Olympic Movement and the Olympic Games:

• To ensure that no advertising or other commercial message in or near the Olympic venues is visible to the Olympic Games venue spectators or to the Olympic Games broadcast audience. No advertising or commercial messages are permitted in the Olympic stadia, on the person of venue spectators, or on the uniforms of the Olympic athletes, coaches, officials, or judges.

• To control sponsorship programmes and the number of major corporate sponsorships. The IOC constructs and manages programmes in which only a small number corporations participate. Each partner participating in the Worldwide TOP Programme has global category exclusivity. OCOG programmes are also designed to maximize support for the Games through the minimum number of partnerships.

• To control sponsorship programmes to ensure that partnerships are compatible with the Olympic ideals. The IOC or to the spirit of Olympism does not accept commercial associations with tobacco products, alcoholic beverages (other than beer and wine), or other products that may conflict with or be considered inappropriate to the mission of the IOC or to the spirit of Olympism.”
Statement of the 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 hence 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.

Purpose and significance of the study

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, which enriches and develops 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.

Research Questions

This work will aim to answer the following 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?

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. Hence, this work has worldwide reach and application.
CHAPTER II

Literature Review

The project work is dealing with identification, analysis, and comparison of benefits and drawbacks of sport sponsorship as opposed to traditional advertising. The goal of this literature review is to present how the existing academic sources differentiate these two marketing tools, and to illustrate the open questions the author attempts to discuss in regard to them. The main direction will be then to draw attention to the general belief that there is uncertainty among the decision makers whether to prefer sponsorship or advertising within their marketing strategies. The following text will aim to clarify the two tools as much as possible and set the grounds for later discussion on open issues and propositions.


Introduction

These days we are used to start our research papers, presentations, or business meetings that regard ‘advertising’ with a deeply embedded presumption of and confidence in our knowledge about it. Throughout the modern history, each generation built its own understanding on this subject, reflecting the time and circumstances they lived in. What is interesting to observe is how each generation has the same confidence in knowing, but the knowledge itself is not the same. These occasional and gradual switches in understanding advertising are qualified by some as smooth development, and by others as big paradigm shifts.

In order to better notice the difference among generations, we will look into few quotations on advertising which, purposely, are not necessarily originating from studies of definitions, but are ‘feeling-based’ and intuitively approached. Norris (1980) quoted Max Weber who said that “advertisement as a notice by the merchant, directed toward finding a market, first becomes an established phenomenon at the end of the 18th century”, having in
mind England, where the Industrial Revolution was well underway by that time. He then, as a representative of the late 20th century scholars adds: “as manufacturers were separated from the ultimate consumer by wholesalers or franchisees, they looked to advertising to bridge this gap. As manufacturers grew, they began to advertise to sell what they produced.” Norris further accentuates some of the misconceptions of that period where it was thought that “advertising has as its major objective persuading people to buy. Increased demand results in increased production and more jobs”, and immediately cautions that this view of advertising “not only commits the fallacy of composition but incorrectly uses ‘demand’ to mean quantity sold. Increased demand may simply mean the same quantity sold at a higher price, or even a smaller quantity at a still higher price.” At the end he warns that “this notion, that advertising increases aggregate consumption, is found in virtually every advertising text and is a common theme of advertising writers”.

Other authors approach advertising from their own aspect, time, and point of interest. For instance, Cheong et al. (2014) see advertising as “an intuitive, visible, and concrete solution to declining/stagnant sales or an added driver of continuing success when sales are increasing. In addition, Richards & Curran (2002) see in it “the activity of attracting public attention to a product or business, as by paid announcements in the print, broadcast, or electronic media”. Cramphorn (2014) thinks that “the purpose of advertising is an attempt to strengthen positive brand feelings, i.e. to increase brand bonding in order to enhance long-term purchase intent. It is generally presumed this will happen following exposure to an ad”. According to the literature of Rosengren & Dahlen (2015), “advertising can be thought of as an exchange of value between advertisers and consumers, and the value offered to consumers in advertising will determine whether it is attended to”. Those that over the years preferred to tease with advertising as a concept threw around few thoughts which Richards & Curran (2002) summarized and showed how for someone advertising was “selling corn flakes to people who are eating Cheerios”, for others “a symbol-manipulation occupation”, or “the cave art of the twentieth century”, or simply “the life of trade”.

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If we continue in this direction and follow the development of the understanding of advertising throughout the years, we will probably conclude the research with the concept of ‘social media’ as the latest trend praised among advertisers. It can be argued that it is indeed ‘social media’ that these days stands as a proud representative of ‘new media’, which overall stands against ‘traditional advertising’. For now, we will only touch upon the notion of social media, just enough to emphasize the difference from the earlier presented approaches, from both content and vocabulary point of view. Namely, “social media is a form of online media oriented toward social interaction, networking, and information exchange. Its main purpose is social interaction on the Internet, from consumer to consumer, including user-generated content. Social media include a broad range of online platforms, such as social networking sites, brand-sponsored virtual worlds, open virtual worlds, video and photo communities, and social news. These have become the powerful word-of-mouth communication media and changed the way people communicate and keep in touch with their social groups. Some of them center on established networks of friends (defined as egocentric – facebook), while others allow sharing with anyone interested including strangers (defined as object centric – YouTube)” (Petrescu & Korgaonkar, 2011).

**Opening a New Chapter in Advertising**

There is a very interesting claim that “in recent years, a number of scholars have expressed concern about...the progression of advertising as an academic field” (Kyongseok et al., 2014). The source of this concern is that although there are studies of scholarly publishing, since 1988, few attempts have been made to comprehensively analyze the progression of academic advertising research. This slow pace does not fit the academic needs since we know that the most influential definitions of advertising are describing it as “a dynamic, continuously developing activity” (Tomiuc, 2015). In fact, it seems that advertising is turning into an ‘ad-hoc science’, as even older quotes refer to the basic principles of advertising which even in 1923 asserted that “it may not be of great value to devote a large amount of space to analyzing and
discussing the history of a subject when we are primarily interested in the practical problems on the present day” (Norris 1980). And as we will see further, indeed there are a lot of open questions to be addressed.

Influential theories from the 1960s, still dictate today that “advertising takes people from unawareness to awareness, from awareness to comprehension, from comprehension to conviction, from conviction to desire and from desire to action” (Wood, 2014). While this would probably still stand true, we might get surprised to see how different generations perceive and consume advertising. The ‘pretty crisp’ answer of a person older than age 40 would be that advertising “…involves someone—usually an organization of some sort—paying for the right to display a message of his or her own choosing at a particular space or during a particular time, usually in some form of mass media with the aim of persuasion of some kind”. On the other hand, the answer of a millennial kid would be ‘reflective of the multifarious nature of advertising in the digital age” (Campbell et al., 2014).

In 1994, some authors were predicting the death of traditional, outbound advertising stating that “by the year 2010, new media and the new marketing will be the dominant paradigm” (Petrescu & Korgaonkar, 2011). While these days traditional advertising is still up and running, the second part of the prophecy is not far from the truth. Truly, what has been considered as ‘new’ and perceived as ‘challenge’ in those days, might be something that is seen as common and straightforward today, such as the reality that back then even “professionals may find it challenging to pigeonhole some activities, such as word of mouth and product placement in movies” (Richards & Curran, 2002).

The challenges of today’s advertising seem to be even more sophisticated and demanding. For instance, we have authors that reconfirm the obvious perception that “consumers live in a complex media environment, however, with many activities competing for a limited amount of attention” (Spotts et al., 2014). Then, there are authors that don’t just deal with this situation, but challenge it even further to consider that “emotional campaigns are more profitable than rational campaigns, and that attention is ‘not always necessary’ and ‘not
always sufficient’ for success” (Wood, 2014). In line to this notion, managers from the industry are as well required to possess refined qualities and abilities necessary for the challenges of their profession. As Durdova (2014) explains, “emphasis was put on knowledge of economics, management and marketing, law, and at least one world language and the ability of constructive communication”, not just for dealing with consumers, but also, for instance, with sponsors, where the communication with them becomes artistry. In fact, Caslavova et al. (2014), focusing on the question why companies might leave a sponsorship relationship, reached a conclusion that one of the major three reasons was because “advertising seemed to be ineffective”. Therefore, to present “a motivating and modern offer of product that would match continuous requirements of companies’ marketing and communicative targets is still alpha and omega of the success rate of sponsorship contracts conclusions”, especially as big and medium companies paid lot of attention to proving the efficiency of sponsorship.

It is undisputable that new media have radically changed the way brands and consumers communicate. They have “introduced new channels for brand-initiated communication, added complexity to connectedness across channels, and created new ways in which brands seek to enhance consumer engagement, as evidenced through online conversations, or buzz” (Spotts et al., 2014). Naturally, these changes invoked further analysis and debates, which move the advertising industry forward in terms of improvement and sophistication. For instance, the first challenge that comes to the minds of those involved is the question of ‘advertising spending efficiency’ (ASE) which evolved into an ‘overspending perspective’ and the ‘smart manager perspective’. Cheong and his colleagues (2014) explain the first view which “predicts that due to various client - and agency-side incentives and reward structures, as well as the increasingly complex media environment, overall ASE would continuously remain low over time”, whereas the second one “(broadly adapted from the organizational learning field) leads to the opposite conclusion: Overall ASE will improve over time as successful organizations and their advertising/marketing managers learn from past experience and data, thus calibrating their efforts”. However, one should not be illusioned to link the ‘overspending’ with ‘traditional’ and
the ‘smart’ with ‘new’ as findings suggest that US advertisers inefficiently overspent in the period from 1985 to 2012 by an average of 34%, where the “Internet, a medium highly praised and utilized for the amount and depth of consumer data it generates, has not impacted overall efficiency in any meaningful way (Cheong et al., 2014).

The above mentioned introduction may be seen only as a teaser for the sea of open questions that regard the development of advertising, especially in connotation where traditional and new media advertising are being compared. In the following chapters, the goal is to present how the industry copes with some of the most exposed issues and challenges.

**Facts and figures as indicators of trends and challenges**

Many marketing experts, and especially the large audience, would put their bet on the expectation that most of the advertising today is done through new media. Truly, “in 1997 the Internet’s share was less than 1%; but that share has risen to approximately 20% today” (Goldfarb & Tremblay, 2014), which clearly indicates that Internet advertising has made dramatic gains in market share. However, the authors note that “television remains the largest advertising medium with a 40% share of total advertising spending”, which might suggest that television could keep up with modern trends, and even integrate and synergize with them through modernization and creativity.

In any case, many sources reconfirm the trend that Internet advertising has been increasing at a rapid pace, and even “while the global financial crisis forced most companies to cut their marketing budgets, Internet advertising grew 15% from 2009 to 2010” (Dinner et al., 2014), and thus in the US “revenues from Internet advertising...surpassed print advertising revenues in 2010” (Liu & Viswanathan, 2015). Further growth in the Internet advertising business is to be expected due to the “proliferation of different pricing schemes. In addition to the traditional pay-per-impression (PPI; also known as cost per mille) pricing, many pay-for-performance (P4P) schemes such as pay per click (PPC; also known as cost per click), pay per
sale (PPS), pay per action (PPA), and pay per lead are now prevalent” (Liu & Viswanathan, 2015).

Nevertheless, not Internet, but Mobile advertising is one of the fastest growing advertising formats. “In 2013, global spending on mobile advertising was approximately $16.7 billion, and it is expected to exceed $62.8 billion by 2017 (Bart et al., 2014). This projection has solid grounds if we know that “91% of the U.S. adult population uses some type of mobile phone, and 61% of U.S. adult mobile users have a smartphone” and moreover “in 2013, the average U.S. adult spent approximately 20% of his or her daily media time on mobile devices (Bart et al., 2014). Notably, the authors conclude, “most of the forecasted growth in global digital advertising spending over the next few years is due to expected increases in mobile advertising, which is anticipated to constitute approximately 36% of global digital advertising expenditures by 2017”. At the same time we can say ‘wait; not so fast’. “Despite strong interest, marketers’ beliefs about the effectiveness of mobile advertising seem to be at best mixed, if not negative. For example, the CMO Council’s survey of global marketing executives revealed that only 14% of surveyed marketers were satisfied with how they were leveraging mobile advertising channels. Instead, 43% of respondents reported that they were not satisfied with their mobile advertising efforts, and 46% reported that they were reviewing the role of mobile advertising in their organizations. Marketers nevertheless intend to keep searching for ways to use mobile advertising effectively. For example, a survey of brand marketers revealed that 69% of respondents expect to increase their use of mobile advertising in the near future. Many companies, however, approach mobile advertising with a “spray-and-pray” mentality—that is, placing advertisements without any sense of how effective they will be’’ (Bart et al., 2014).

Another new media which enjoys great success lately, and it is predicted to have a great future, is social media. In fact, “the rapid growth of social media has led to speculation that it might supplant television as the primary mode of modern advertising. The exponential increase in spending on advertising in social media - from $5.1 billion in 2013 to a projected $15 billion in 2018 – indicates that advertisers increasingly are attracted to this medium” (Spotts et al.,
It is questionable if we should take for granted that social media will simply replace television. As we will see later on in this work, there are attempts which indicate that these two media might work side by side by complementing and integrating into a combined mode of advertising.

What is mutual and what bonds together all the traditional and new media, is the common advertising goal to generate ‘word-of-mouth’ (WOM). This preferred outcome might not represent a new trend in advertising as such, but it is certainly approached with more strategic directions and studied with higher attention. In fact, “spending on marketing activities generating WOM in the United States was estimated at $1.54 billion in 2008 and expected to grow to an annual growth rate of 14.5% until 2013” (Cho et al., 2014). Practically any advertising media has the potential to create WOM, and what helps to initiate the chain effect is to deliver the right message to the right target group in the right time. These efforts actually develop a new trend in advertising, called behavioral targeting, which is becoming a sizable industry on its own. Indeed, Jianqing & Stallaert (2014) estimated that online advertisers spent more than $1.3 billion in targeted advertising in 2011, and the figure is expected to rise to more than $2.6 billion in 2014.

Further down we will witness that behavioral targeting offers many appealing and comfortable advantages to advertisers. At the same time, it raises some doubts among the public which regards their own comfort and privacy. As a matter of fact “66% of Americans do not want marketers to tailor ads to their interests” (Tucker, 2014); a social factor that might jeopardize the apparently bright future not just of this new trend, but of new digital media as such.

Viral Marketing – the initial spark that links traditional and new media

Throughout this document floats around the notion which puts the consumer in the center of attention and as the source for shifting paradigms in advertising. Due to the same role
the consumer has in the subject of viral marketing, there is the need to explain and make sure we understand its meaning and dubiousness.

Indeed, viral marketing seems to have a crucial position in the interactive media environment, where “consumers not only have more control over when and how they are exposed to and process advertising messages but also actively generate and spread market place information. Advertising scholars and practitioners have begun to explore how to use the expanded channels of consumer interactions for marketing communication purposes” (Cho et al., 2014).

Even though viral marketing might not be a new terminology and it existed as a concept back in the era of traditional media, it certainly became more exposed, used and misused, in connection and automatic association with new media. “The writings on the origin of the term viral marketing are as varied as its definitions. The term include word-of-mouth, electronic word-of-mouth, word-of-mouse, buzz, and viral advertising, leading to terminology controversies in the literature. Some consider viral marketing as online word-of-mouth, enhanced by the use of networks. Viral marketing has also been defined as e-mail use for word-of-mouth referral endorsement from one client to other prospective clients, and the process of encouraging individuals to pass along favorable marketing information received online. It is also seen as marketing techniques that use pre-existing social networks to produce exponential increases in brand awareness, or electronic, online form of word-of-mouth” (Petrescu & Korgaonkar, 2011).

In an attempt to get away from all those confusing and incomplete presumptions, the authors carefully differentiated each segment of the definition.

Word-of-mouth (or WOM) can be defined as oral, person-to-person communication between a receiver and a communicator whom the receiver perceives as non-commercial, regarding a brand, product, or service. WOM is an important aspect in the modern electronic media, such as e-mail, blogs, and social media.
Electronic WOM, or word-of-mouse, is any positive or negative statement made by potential, actual, or former customers about a product or company, which is made available to a multitude of people and institutions via the Internet.

Buzz marketing is the amplification of initial marketing efforts by third parties through their passive or active influence. It includes spreading the message about new products or brand experiences. Buzz marketing is under consumer control and is auto-generated, transmitted from peer-to-peer. Buzz marketing can use different mediums, including traditional word-of-mouth and physical interaction.

Viral advertising is defined as unpaid peer-to-peer communication of provocative content originating from an identified sponsor using the Internet to persuade or influence an audience to pass along the content to others. Viral advertising assumes creating contagious advertising messages transmitted from peer to peer in order to increase brand awareness. Viral advertising is personal and even though it comes from an identified sponsor, it does not mean the companies pay for its distribution.

The peculiarity of the concept of viral marketing can be accentuated from several aspects. For example, while many advertisers are proudly rushing to develop the famous ‘call to action’ ad, the viral marketing “has the highest impact when the ads are ‘commercial-free’, meaning they are focused on entertaining and engaging the customer, rather than presenting a call to action” (Petrescu & Korgaonkar, 2011). On the other hand, “another controversial aspect of the viral concepts includes stealth marketing or stealth advertising. Viral stealth marketing is considered to be ‘undercover’ viral marketing, because the people spreading the message do not disclose the compensation received from the business” (Petrescu & Korgaonkar, 2011).

At the end of the day, we can say that the key, but also the precaution, to successful viral marketing is the fact that the “source trust is a particularly important factor in explaining viral advertising effects, because viral ad messages have elements of both media advertising and interpersonal communication, which differ greatly in regard to trust. The advertiser is the original source of an ad message, and advertisements are usually viewed skeptically because
their intention is to persuade consumers to buy a product. However, viral messages are passed on from friends or family members who are seen to have the consumers’ best interests at heart. This unique combination should, therefore, make source trust a particularly interesting and important factor in determining viral advertising effects” (Cho et al., 2014).

The conclusion and addition to the before mentioned, is that if viral marketing existed in traditional advertising world (in some sort of dormitory stage), the new media environment leverages the opportunities to multiply the effect by millions. We should just imagine that if one (communicator) used to generate WOM to ten closest friends (receivers), now through blogging activities the message can be spread to thousands.

Behavioral advertising – an ace in the pocket? Or we are going too far?

Data collected from online advertising networks find that “prices and conversion rates (i.e., the likelihood of a click eventually leading to a sale) for behaviorally targeted advertisements are more than twice as high as those for traditional advertising (Jianqing & Stallaert, 2014). So, what is this behavioral advertising about?

This radical and recent innovation in targeted advertising, as these authors say, is “a technology aimed at increasing the effectiveness of advertising by online publishers. Behavioral targeting uses information collected from an individual’s web-browsing behavior (e.g., the pages that they have visited or the searches they have conducted) to select advertisements to display”. They even go further to hail this technique as the ‘Holy Grail’ in online advertising because of its potential effectiveness. Specifically, online behavioral advertising refers to “the practice of collecting consumer information about an individual’s online activities in order to serve advertisements that are tailored to that individual’s interests. This practice is often accomplished through the use of cookies, and the recording of consumer surfing behavior, to collect information including, but not limited to, many demographic and psychographic variables, search queries, sites visited and the like” (Conference papers, 2012).
Truly, if we continue the chapter in this tone of voice, we can only praise this technique and celebrate another milestone in the history of advertising. However, we, as consumers, might pause for a second and think, once we realize that “a recent study by The Wall Street Journal found that the nation’s top 50 websites install, on average, 64 pieces of tracking technology, usually without any notification to users” (Jianqing & Stallaert, 2014). Therefore, “consumers might perceive personalized ad content on such sites as more appealing and more aligned with their interests, but they also may view it as both creepy and off-putting if they believe that the firm violated their privacy. These privacy concerns may lead to ‘reactance’ such that consumers resist the ad’s appeal. Reactance is a motivational state in which consumers resist something they find coercive by behaving in the opposite way to that intended” (Tucker, 2014).

This challenge can exaggerate to an even higher social and philosophical level if, for example, we observe children as consumers. Namely, “children with exposure to advergames featuring unhealthy foods were more likely to choose foods high in sugar and fat after playing such games” (An et al, 2014). Hence, one can directly blame the behavioral advertising which is associated with targeting techniques happening ‘online’, if we know that “advertising literacy, defined as the ability to analyze, evaluate, and create persuasive advertising messages across a variety of media, does not seem to be high for children online” (An et al., 2014).

So, we started this chapter with a notion in which the positive tone is attributed to the new media when directly compared to traditional advertising. Later, we interpret a notion that finds traditional advertising a more comfortable place to be as “children between the ages of 7 and 11 are generally known as having an understanding of the persuasive intent of traditional advertising, but little is known about how they cope with the immersive, embedded advertising messages in advergames” (An et al, 2014).

At this point, we can only admit that we are at the beginnings of understanding, yet studying and solving these challenges. As it is being mentioned throughout this paper, one might believe that the correct way for coping with new trends is to stop comparing them with
traditional approaches and choosing the first or the second. Instead, some support the idea to make attempts to combine them together, extract the best and suppress the backdrops from each, and try to create a surrounding where they can coexist. Fortunately, we can already witness such attempts, as targeted advertisements i.e. behavioral advertising, which takes place on the Internet, ultimately “could be sent to televisions using a technology called ‘addressable television’. This much-touted technology, by which different advertisements can be sent to different television sets, was until recently thought to be ‘vaporware’ rather than a practical reality. However, new advances have been made in the technology, as evidenced by Google’s recent investment in Invidi in May 2010. Addressable television, together with the increasing use of unicast advertising for online video and other content, brings new possibilities for advertisers and publishers, and also underscores the importance of understanding the implications of such technologies” (Jianqing & Stallaert, 2014).

**Comparing and choosing is out-fashioned; combining and synergy is the future.**

We seem to be preoccupied with the apparent need to directly compare traditional advertising and new media. Many feel that after scrutinizing analysis of each advertising vehicle, the next logical step is to choose between one or another. Having this embedded approach as certain kind of paradigm, the outcome from the decision making process of different advertisers would be rather polarized. On one side, we have many advertisers which “are reluctant to shift a large proportion of their advertising budgets to the Internet because they still view television advertising as the main vehicle for building a brand” (Draganska et al., 2014). On the other side, some would go for new media spending based on oversimplified and false judgments that “the online environment also enables customization of advertisements based on web content, whereas traditional advertising such as newspapers and radio cannot be customized” (Dinner et al., 2014). At the end of the day, both sides might be challenged as “because some consumers have shifted their media consumption away from television and
toward various online formats, a concern arises whether brand-building activities can be transferred easily across formats” (Draganska et al., 2014).

To be fair, feedback from observing traditional channel and new platforms individually are still valuable and necessary, especially taking into account the goals and objectives the advertising message aims to achieve. For example “in developing brand-communication campaigns, traditional models often sought to establish brand salience as measured by recall and recognition. Brand preference was measured by persuasion and/or brand imagery as indicated by advertisement ‘liking’ and/or attitude change. In the digital environment, brands now must use advertising to establish interpersonal connectedness through ‘taxability’ and sharing” (Spotts et al., 2014). Indeed, “observational data from traditional media show a positive correlation between sales and advertising, but establishing causality with such data is difficult. With Internet advertising, however, new technologies track advertising exposure and sales at the individual consumer level” (Goldfarb & Tremblay, 2014). Yet again, whenever we present a fact that seems to direct us towards the notion that Internet (in this case), as new media, is destined to take over a leading role in advertising future, we have to immediately remind of some setbacks that should alarm us not to take anything for granted. Indeed, “one of the reasons for the exponential growth in Internet advertising spending from 1997 to 2012 is the ability for advertisers to more easily and efficiently track consumer actions in comparison with other media types. However, Internet’s advent as an advertising medium during this period had not had any overall impact up to 2012. Indeed, during the 2008–2012 period, when the Internet truly became a core advertising medium, the level of inefficiency has risen to its highest levels across our 28-year time span” (Cheong et al., 2014).

The above example is just one of the ways to realize that both traditional and new media have, and will always have many inefficiencies when compared directly. Moreover, the outcome of the comparison will always result with a ‘compromise’ type of decision where advertisers will always have to give up on some comfort and security, whatever media they choose.
Now, while we are in a very early phase to claim that the advertising (r)evolution and future relies on a successful synergy between various old and new advertising channels, we can suggest some indicators which boost confidence.

As a starting point we can take the observation that “the current marketing environment is characterized by a surge in multichannel shopping and increasing choice of advertising channels. This situation requires firms to understand how advertising in one channel (e.g., online) influences sales in another channel (e.g., offline)” (Dinner et al., 2014). The authors, in fact suggest that “online and offline advertising, like online and offline purchase channels, should not be managed in silos. Cross effects suggest that online ads can be used as a way to grow the offline channel, and this requires cooperation and coordination”. For instance, they say, “it is not uncommon for customers to use the Internet as a ‘search channel’ and the offline store as the ‘purchase channel’.”

They practically suggest that online advertising, which is often thought of as strictly an online tool (and has ‘own effect’ with impact on online sales), can effectively grow the offline channel (have an impact of offline sales as ‘cross effect’). Simply, the indication is that positive cross-channel advertising effects exist and can be as strong as own-channel effects. Hence, we are curious to see if ‘online’ as a synonym for ‘new’, and offline, as a synonym for ‘traditional’, can be combined, and this work would like to inspire scholars and practitioners to think in this direction when creating their advertising plans. Hence, at this point we can present one example as a starting platform for further development of ideas.

Namely, the study of Spotts et al., (2014) “found evidence that the relationship between traditional television advertising and online social-media conversations was reciprocal, with both media platforms working in tandem to enhance brand engagement.” Moreover, “a particularly symbiotic relationship seems to be developing between television advertising and social media that is greater than comparable relationships between other media as connectivity technologies change consumer behavior” (Spotts et al., 2014). Furthermore, the research has revealed that television advertising, too, is seeing a resurgence of interest for its ability to
develop brands and a resurgence of social media reinforcing the impact of television advertising. In practice, “many advertisers are using their advertising to encourage interactive online behaviors through technologies such as hashtags, QR codes, and other links. Their efforts have been supplemented by the enhanced Web applications of mobile and tablet platforms” (Spotts et al., 2014).

The authors conclude their research with a statement which is very relevant and endorsing to the notion for the future of advertising, that says “current study view engagement to be a reflection of the extent to which the audience finds the advertisements interesting, involving, and having some effect on the viewer. These effects would be tied to traditional measures related to memory, liking, persuasion, and/or behavioral response” (Spotts et al., 2014).

This goes perfectly hand in hand with the next opinion that dares to ask ‘who is in charge’?

**Advertising voluntarily approached by consumers. A dream or reality?**

Spotts et al. (2014) introduce a new approach to understanding advertising. They claim that “we have entered into an ‘age of engagement’ with social currency being a primary objective.” In this regard, “advertisement engagement is a critical factor, as engaged consumers more likely will attend to—and process—advertising and talk about brands.”

‘Engagement’ actually has no established universal definition or measurement, even though it is a concept that receives much scrutiny among marketers and marketing researchers. One way to analyze this approach is to link ‘engagement’ with the evolution of advertising from involuntary to voluntary. In this regard, “we acknowledge what many consider to be a paradigm shift in advertising, in that advertisers increasingly rely on consumer willingness to voluntarily approach advertising” (Rosengren & Dahlen, 2015). If advertisers want to embrace this new paradigm as their bet for successful future, they need to ask themselves ‘who is in charge?’.

Moreover, they need to give up the assumed rights to control their advertising efforts, or at
least understand as fast as possible the fact that the market (r)evolution is tacitly passing those rights to the opposite end, i.e. to the consumers. Truly, “the consumer is increasingly in control regarding not only the media, but also the delivery process of advertising. The Internet allows significantly more interaction, targeted communication, increased reach, and better evaluation of the results, all at a low cost” (Petrescu & Korgaonkar, 2011). Social media has changed the rules of the game even more. “Social-media advertising uses social communities, such as social networks and virtual worlds as an advertising medium, just as traditional advertising focuses on the television platform. Social media have become the new advertising channels. However, the consumer is now in control. This has created advantages in using social media, including interaction among consumers and brands and viral communication diffusion in a short time and for a very low cost” (Petrescu & Korgaonkar, 2011). Hence, for example, “the nature of the social conversations surrounding Super Bowl advertisements should reflect high levels of audience engagement, and...viewers just do not tolerate Super Bowl advertising; they seek it out and embrace it”. The bottom line would be that “advertisements that prompt higher levels of emotional engagement generate more online buzz. This would suggest that return on investment for Super Bowl advertising may be enhanced by an extended level of conversation” (Spotts et al., 2014).

“In line with this notion, major brands, such as Coca-Cola, Nike, and Unilever, are increasingly investing in their own (digital and social) media channels, in which consumers must voluntarily seek out rather than be incidentally exposed to advertising” (Rosengren & Dahlen, 2015). In order for them to be motivated to do so, “advertising should be framed in such a way that, when they see it, people want to participate, become involved and exit with a positive feeling; casting the ‘right’ people helps” (Cramphorn, 2014). It turns out that, the authors conclude, “when the ad is intimately relevant to them, and when they are drawn towards it in an informal way, it is more than likely the ad will strengthen the brand. This could loosely be described as positive response to advertising that delivers a positive emotional experience”.
The real test of advertising pretesting should therefore be to compare how people feel towards the brand before and after exposure to the advertising. “But, instead of focusing on whether the advertising will do, or has done, its job by changing brand feeling, much advertising pretesting has been directed into trying to understand, in depth, what is happening during exposure” (Cramphorn, 2014). They argue that therefore viewers are intrinsically unaware of their feelings about the ad, so simply measuring emotional effect is the key to understanding whether an ad will be persuasive.

In fact, advertising research has, to date, somewhat paradoxically focused on consumer advertising avoidance behaviors—for instance, by investigating how certain programs influence ad avoidance, perceptual tricks to capture attention during incidental exposure, and/or any brand effects that may occur in spite of such avoidance” (Rosengren & Dahlen, 2015). The authors define this advertising avoidance as ‘all actions. . . that differentially reduce their exposure to ad content”, but they rather urge that less is known about the flipside—namely, what causes consumers to willingly increase their exposure to certain advertising content. Such advertising approach behavior could manifest itself, for instance, by consumers not fast-forwarding through a commercial (even if they could), not skipping a TrueView commercial on YouTube (even if they could), or voluntarily seeking out and sharing certain advertising online or offline.

As mentioned earlier, we are only at the beginning of exploring this new paradigm of emotional engagement and the concept of switching from involuntarily to voluntarily approaching advertising. Furthermore, the elaborated studies have focused only on certain aspects of willingness to approach; additional studies are needed to “explore advertising approach in terms of willingness to process, willingness to interact with, and willingness to pass on advertising” (Rosengren & Dahlen, 2015).

In absence of sufficient method for measuring various elements influencing the directions and behaviors, one can only tease with certain opinions and attempts. One, rather ostensive and yet factual example that provokes discussions is that “advertising that wins
creative awards is more likely to be effective than advertising that does not win creative awards; ...advertising that wins creative awards has an 11:1 efficiency advantage over advertising that does not win creative awards; ...this is because creatively awarded adverts are more likely to employ an emotional communication model than non-creatively awarded adverts” (Wood, 2014).

Can we dare to challenge the definition of advertising?

“The definition of advertising has never been more unclear” quote Campbel et al. (2014) referring to the feelings of many contemporary authors and advertising experts. All these authors approach the definition from their own field of expertise, and thus tend to challenge it from historic, commercial, communication, semantic, or even philosophical point of view.

One of the most interesting aspects is to observe how every word and notion can be interpreted, taking into account changes in practices or development of trends over time. “Traditional definitions of advertising include a series of elements that distinguish the field from others. Each innovation in communication has been used for advertising, and in some way, each has changed advertising, which in turn has changed the set of elements used in its definition. However, there are or should be some essential elements that determine whether an activity is advertising” (Richards & Curran, 2002).

Having in mind that there are more than one definitions of advertising, and hence more approaches to challenge and criticize, we will point out the work of Richards & Curran (2002), who chose to analyse one of the most accepted definitions, which originally says that “advertising is a paid non-personal communication from an identified sponsor, using mass media to persuade or influence an audience”. If we put Internet into the equation, as the most obvious new technology, then advertising becomes “more ‘personal’ and calls the ‘non-personal’ element into question”. Next, “merchandising, or putting an ad message on an article of clothing or other product, can pass ad costs to a consumer who buys that product. So the question of whether a definition need to include ‘paid’
to mean it is a cost to the advertiser. But if we interpret it as cost to anyone, then this element probably would encompass every marketing communication, including public relations”. Furthermore, they prefer to substitute ‘identifiable’ for ‘identified’ to accommodate the problem of teaser ads, and so as well chose to use ‘source’ instead of ‘sponsor’, while omitting the unnecessary word ‘influence’. ‘Mass media’ is replaced by ‘mediated’, and ‘non-personal’ is dropped. Finally, a broad call to action is added. Hence, the authors derived a ‘non-consensual’ but still ‘majority opinion’ modified definition which says that “advertising is a paid, mediated form of communication from an identifiable source, designed to persuade the receiver to take some action, now or in the future”. The definition retains ‘paid’ and ‘persuade’ which authors and panelists in the research considered important. Indeed, the most notable changes are the removal of ‘non-personal’ and ‘mass’, which widened it to embrace the Internet.

The above mentioned example is just one of the ways to challenge traditional definitions of advertising. New trends and practices will only further question the way we approach and experience the industry. For instance, “buffeted by falling readership - and corresponding falls in advertising revenue - the news media also blur the definition of advertising. Eager for new sources of revenue, many publications have shifted from selling advertisements to also selling editorial control” (Campbell et al., 2014).

We can even say that these examples might be only the beginning of teasing and playing with the advertising vocabulary, and all those new emerging trends will gradually develop the definition or even establish completely new paradigms.

Conclusion

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 an 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. Development and Position of Sponsorship Activation as part of Sport Sponsorship Relationships

Introduction

Many authors and articles agree and reconfirm that ‘sport sponsorship has gained a consistently increasing share of marketing budgets and has become a key component of the marketing communication mix, which is on par with traditional tools such as advertising, public relations, sales promotions, and personal selling (Reiser et al., 2012). It is interesting to notice here that this definition perceives sport sponsorship ‘on par’ with the other communication tools, and not as a subcategory of public relations. To remind ourselves, Kotler (2008) originally places sponsorship into the public relations tool which is “any vehicle through which corporations gain public relations exposure” and 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). This transition of attitudes can be also recognized through other parallels that Walraven et al. (2012) identified starting from most commonly adopted definitions where “…sponsorship can be regarded as the provision of assistance either financial or in-kind to an activity by a commercial organization for the purpose of achieving commercial objectives”, moving towards an extended ‘sponsorship linked marketing’ which means “the orchestration and implementation of marketing activities for the purpose of building and communicating an association to a sponsorship”. What they try to point out is that “signing a sponsorship contract does not automatically mean that the link between the sponsor and the sponsored object is set in consumers’ minds” (Walraven et al., 2012).

For what regards the motivations and business objectives of the sponsors which sign sport sponsorship agreements with “sport persons, sport teams and clubs, sport events, sport leagues, and sport organizations” (Caslavova, 2009) and also extended to “venue, technology, and broadcast sponsorships” (Sponsorship types, 2000), which needless to remind they are not
of philanthropic nature, a traditional definition would claim that “…sponsorship is a common marketing communication strategy that companies utilize to increase consumer brand awareness and enhance image and reputation” (Carrillat et al., 2013). Again, more profound studies and opinions will rush to supplement or even oppose such definitions, as Mueller & Roberts (2008) elaborate various authors and summarize that “for sponsors, a prime objective is to use the image of the sport entity to define, enhance, or even re-establish their own in order to influence the perceptions and purchase behaviors of target consumers, business partners, and other influential stakeholders. Exposure and awareness are becoming a small and less significant part of sponsorship value. Understanding how to use the sponsorship relationship to build brands requires a different skill set than conventional communications activities. Sport organizations that are built on securing rather than managing sponsorships will have unsatisfactory performance in the future”. It is particularly important to distinguish the value of sport sponsorship in comparison with conventional i.e. traditional communication because “unlike traditional marketing vehicles, sport sponsorships enable marketers to connect with consumers in very emotional situations and brand and corporate image can be enhanced via associations with positively viewed events” (Reiser et al., 2012). However, exactly those types of values generate another headache for a marketer, that is how to assess and measure the success of the sponsorship deal, and hence to justify big budget allocations spent on this communication tool. Measuring the effectiveness gained even bigger importance due to the current economic conditions. “Companies are getting more cost-conscious and, as they are cutting marketing budgets across the board, sponsorships and luxury suites may be the first to go” (O’Keefe et al., 2009). The study of O’Keefe et al. (2009) concludes that measuring the return on investment (ROI) remains present industry standard for evaluating the effectiveness of sponsorship, but at the same time they question if the very same conclusion is not reached only due to lack of other satisfactory answers, as practices imply that “everyone has a different perception on how to calculate ROI; there may never be an industry standard; if you feel your goals and objectives are being met, then they are being met”. In this sense, literature mentions
“other available methods to determine effectiveness, such as return on objectives (ROO), media measurements, traffic measurements, and elevation of brand awareness”, all of them being far from perfect, including ROI which is “obscure and flawed system that does not show all the true value of the sponsorship” (O’Keefe et al., 2009). To make it even more difficult, some areas are not possible to be measured at all as “no number can be assigned to having an affiliation with the team in terms of perception in the marketplace” (O’Keefe et al., 2009).

The above written suggests that both sponsors and sponsored entities, alongside scholars, devote lots of time and efforts to define what sponsorship is really about, how to make the best deal out of it, and ultimately how to measure if and which sponsorship actions are effective and successful. Pearsall (2009) quotes researchers closing his study with a claim that “there is a lack of evidence on how sponsorship works, and as such it is difficult to determine what should or should not be defined as sponsorship outcomes”. Nevertheless, it can be observed that new, modern trends and approaches emerge both among theorists and businesses. Indeed, “past marketing and sport marketing research has focused mainly on issues of sponsor objectives and motivations, the impact and benefits of sponsorship for corporate brands, and the evaluation of sponsorship effectiveness” (Papadimitriou & Apostolopoulou, 2009). Instead, Mueller & Roberts (2008) think that “as an alternative to measuring deliverables, sponsors often cite image effects and image transfer as key sponsorship objectives. A framework to develop a better understanding—one that moves beyond recognition and recall—includes goodwill, image, involvement, and consumer response” where the concept could be summarized in the notion of ‘sharing passion’ and ‘evoking favorable beliefs’. Therefore, Watt (2008) argues that “post-event measurement will always include analysis of exposure and awareness levels, but the most important analysis will measure how targeted individuals and communities will be engaged by the sponsorship activity and, more particularly, measure their connectedness to the event or team and its sponsors”.
This being said, it is obvious that the question of sport sponsorship is moving towards a new level of trends, perceptions, and priorities, where the notion of sponsorship activation or sponsorship leverage will seem to have a focal point.

The beginnings and definition of sponsorship activation

The introduction part of this paragraph directs us towards the notion that “sponsorship is not simply the placement of ‘wallpaper’ on the side of sport fields of play, but rather that the sponsorship is brought to life in the eyes (or ears, hands or mouth) of the consumer (Mayo & Bishop, 2010). Truly, while sponsorship is increasingly being differentiated from the other ‘traditional’ communication, it actually has already created its own sort of ‘traditionalism’. “The most readily acknowledged sponsorship can be characterized as the ‘traditional sponsorship’. The traditional sponsorship generally involves the acknowledgement of the sponsor by the sports property and the ability of the sponsor to use the property's trademarks and logos in its efforts to leverage the sponsorship and reinforce the relationship in the minds of members of the sponsor's target market” (Fullerton & Russell Merz, 2008). In other words, “the creation of competitive advantage in the sponsorship market is a necessary condition for the success of sponsorship (Walraven et al., 2012). Indeed, many authors and practitioners will agree that the sponsorship “rights cost represents the starting point for expenditure for most companies, because it effectively provides the right to associate a brand with a property. To fully exploit that right requires considerable additional spend and a strategy”. In fact, the same authors even criticize those who criticize such payments claiming that they “do not appear to have recognized the true potential it offers the brand” (Sponsorship types, 2000).

One of the first to mention this concept and new tendency of the sponsorship process was Meenaghan back in 1991 who shyly tried to argue that “the success of the sponsorship programme will be dependent to a large extent on how it is implemented. A critical factor is that the sponsorship be implemented as part of a marketing campaign and thus integrated with other elements of marketing communications. The sponsor must also support the sponsorship
by additional advertising and promotions”. Similarly to him, “many scholars have subsequently highlighted the importance of sponsorship implementation or sponsorship leveraging, activation, or exploitation if sponsors are to maximize returns on their investments” (Papadimitriou & Apostolopoulou, 2009). Through these lines we can identify the beginnings of the terminology and meaning of ‘sponsorship leverage’ and ‘sponsorship activation’ as interchangeable expressions within the sponsorship vocabulary. Hence, these phrases were slowly becoming incorporated in future explanations and definitions such as the one that Papadimitriou and Apostolopoulou (2009) quotes, which proposes that “in order for sport sponsorship to become ‘a distinctive competence’ and ‘a potential source of competitive advantage’ it must meet three conditions: offer something of value to consumers; differentiate the sponsor from its competition; and have the ability to be extended (via leveraging) to a number of new opportunities”. In continuation, different authors have offered various interpretations, from simple and straightforward thoughts to more complex definitions. For instance, O’Keefe et al. (2009) simplifies activation “as the money spent in excess of the rights fees agreement to promote its sponsorship to the public” whereas Walraven et al., (2012) claimed that “sponsorship leverage involves communicating the sponsorship agreement and developing activities to profit from it”. Further on, sponsorship leveraging is defined as “the act of using collateral marketing communications to exploit the commercial potential of the association between a sponsee and a sponsor” (Carrilat et al., 2013). Similarly, but more extensively “sponsorship activation or sponsorship leveraging refers to collateral communication of a brand’s relationship with a property, i.e. in addition to paying the fee to acquire a sponsorship, an extra investment in material and other resources needs to be made in order to communicate the formed partnership to the sponsor’s target audiences and to create programs that will take advantage of the rights gained through the partnership to achieve sponsor objectives. If sponsorship is approached as the true business-driving tool it can become, a lack of leveraging activities will equate sponsorship to philanthropy that aims at no
other return than the benefactor’s satisfaction from assisting a beneficiary in need” (Papadimitriou & Apostolopoulou, 2009).

However, gradually sponsorship activation moves away from a collateral ‘side-effect’ of a sponsorship deal but rather, as Cornwell in later works argues, that “both the weight and the nature of leveraging activities are central to communication effects achieved in sponsorship” (Papadimitriou & Apostolopoulou, 2009). “For numerous brands, sports sponsorship has become pivotal within their global marketing campaigns and is considered to be as important as traditional marketing strategies, if not more so” (Santomier, 2008). In line to this progress, the academia and businesses introduced the “term ‘sponsorship-linked marketing’ which depicts the strategies of firms... which use sponsorship as a centerpiece of their communications strategies” (Farrelly, 2010).

**Gradual development and sophistication of sponsorship activation**

Once the definitions had been established and refined, authors altered their attention to even more subtle discussions and opinions such as proposing that “leveraging activities should aim to strengthen the relationship between the sponsor and the property in a creative manner” (Papadimitriou & Apostolopoulou, 2009) or that “sponsorship activation requires greater efforts than simple signage or logo placement. It is important for marketers and participatory sport organizers to understand this and work with sponsors to create unique activation methods that will stand out in the clutter of other daily messages” (Eagleman & Krohn, 2012). In fact, authors give credit to sponsorship activation as one of the main factors why some sponsors are perceived as bigger supporters of the sponsored property because “being an equal partner in terms of cash paid to secure the rights does not necessarily mean that the benefits are equally shared (Sponsorship types, 2000). Truly, “the literature highlights that in the past sponsors have done little to leverage the sponsorship association and consequently required limited input from the property. Over time, sponsors have become far more strategic and sophisticated and their expectations of the relationship and the properties’ role have therefore
changed” (Farrelly, 2010). Practitioners or marketing agencies, as Chavanat et al. (2009) quote, will prefer more practical jargons to explicate that “sponsorship without activating is like buying an electronic device but not the batteries” but immediately warning that “yet even when sponsorship is activated, all too often the batteries are the wrong size”. Therefore, the authors continue, activation strategy should be implemented as part of the overall sponsorship activation plan to interact with consumers in ways that improve their experience with the brand and led to different sorts of actions (e.g. internal communication, develop public relationships, hospitality, Internet or traditional advertising).

Obviously, bad or mismanaged sponsorship activations called for caution among scholars and businesses. Namely, it is already taken as a fact that “although event sponsorship has previously been opposed to the more direct forms of marketing communication (e.g. advertising) on such factors as message subtlety, perceived benefits to society, commercial objectives, persuasion intent, and image transfer, it must be recognised that sponsorship programmes are rarely implemented in isolation. They are usually supplemented with obtrusive marketing communication activities of all kinds (advertising, on-site promotions, sampling, sweepstakes, promotional games, etc.)” (Carrillat & d’Astous, 2013). Therefore, the warning message here would suggest that “if supplemental obtrusive marketing efforts are too intense, consumers may perceive the sponsor to be over-exploiting the event. This creates impressions of commercial intent, which outweigh the goodwill benefits naturally associated with sponsorship (Carrillat & d’Astous, 2013). Indeed, certain companies accredit the business relationships they managed to develop to internal rules and practices such as: establish personal relationships, reduce bureaucracy, and do not over integrate in communication mix (Sponsorship types, 2000). Sometimes, the reason for sponsorship failure is even “attributed to the prevalence of ex-sport professionals with little business education or experience working in marketing management roles” (Farrelly, 2010). According to Walraven et al. (2012), neglecting this factor could prove to be essential as “accountability of marketing activities is a crucial issue in literature and in business practice. Therefore, he continues, “it is valuable to develop an
understanding of the outcomes of sponsorship and factors influencing these outcomes”. In his ‘integrated model framework of sponsorship effects’ he practically allocates the notion of leverage to the ‘sponsorship management factors’, keeping it, thus, aside from ‘sponsorship market conditions’ or ‘processing of the sponsorship’. Progressive scholars and companies that have already identified the importance of good decision making have as well already proposed key things that “every sponsor should consider prior to engaging in discussions with properties and, ideally, implement for all activations. These opportunities should be explored to ensure that, if and when a sponsorship partnership is agreed upon, the results will work for both the brand and the property” (Mayo & Bishop, 2010). Apparently, and among else (ensure attendee fit and engagement, enable repeat attendee interaction, increase target focus and decrease clutter, and seek targeted long-term partnerships), most importantly is to ‘activate to drive word of mouth and sales’ i.e. ‘it is imperative that marketers activate their sponsorship’.

As mentioned above, it is crucial that a good decision making, but also clear strategy and concrete objectives are established at the inception of the sponsorship relationship. Namely, a breakdown of such relationship can be often traced back to the very beginnings and to the fact that “neither party (but in particular the sponsor) clearly and formally articulated their expectations for the relationship and what they desired from their partner. More particularly, this often related to the sponsors not identifying their desire for the property to consider joint investments in activation or to be proactive in suggesting activation ideas the sponsor may wish to consider” (Pearsall, 2009). At the same time, sometimes the properties are those that are being held responsible for a failed deal as their “perception of value is too often focused on the provision of rights and a reliance on their sponsors’ objectives and activation” (Farrelly, 2010), apparently due to their incapability, lack of resources, lack of commitment, corporate culture, or focus on servicing rather than active contribution. Therefore, it is suggested “that the key to the successful management of a sponsorship is organizational capabilities, which refer to experienced sponsorship managers, market orientation capabilities and organisational routines” (Papadimitriou & Apostolopoulou, 2009).
Sponsorship activation objectives

In any case, Santomier (2008) suggests that “the remarkable increase in the number of sports properties available and the number of sponsors investing in sports properties suggest that sponsorship is able to assist a company to achieve its corporate and marketing objectives”. According to Papadimitriou and Apostolopoulou (2009), the most commonly used means to leverage a sponsorship are advertising and sales promotion, but these actions’ effect is limited to the objective of increasing brand awareness or inviting consumers to action with a promised incentive. In fact, those and similar objectives, as Tsiotsou (2011) proposes, are taken as some of the principal ways in evaluating sponsorship, i.e. “reach (how many people were exposed to the sponsorship via media) and awareness (how many people recall the brand sponsoring an event). Truly, “it has been found that sponsors who invest in proper leverage (additional promotion and communication on top of exposures that are part of the sponsorship agreement) of their sponsorship achieve additional exposure and thereby higher levels of sponsorship awareness (Walraven et al., 2012). Indeed, in many interviews with managers, such as the one of Constantinou and Rines (2004), sponsorship relationship originally started as “brand awareness vehicle to bring the product to the mass market. In the first years it worked very well and we could quite easily have said that we’ve ticked the box and achieved the objective and moved on to something else…but we decided to carry on…”. In fact, he claims to have realized that their audience is a tough group of people to speak to, and thus they have never been big believers in spending lots of money above the line with traditional TV advertising and bombard the audience with it. Instead, they prefer to speak to them on their own terms on their own ground.

Hence, we can observe a gradual move towards other, more sophisticated objectives and expectations. For example, Reiser et al. (2012) defined that “incurred direct costs (sponsorship fees) as well as indirect costs (activation costs, agency costs) are expected to be offset by future benefits in terms of increased media exposure and brand awareness, positive
image building, and ultimately higher profits”. Furthermore, even “employee tie-ins’ and ‘PR and client entertainment’ have also been discussed in the literature” (Papadimitriou & Apostolopoulou, 2009). Truly, according to Farrelly and Greyser (2012) internal marketing has been identified as an important sport sponsorship objective, and even though its application has been particularly limited, there is recent evidence “that some major firms including major global brands are investing vast sums to activate sport sponsorship internally to build corporate identity, employee identification, and performance over the long term”. For what regards the PR and entertainment part, some companies has placed sponsorship at the heart of their strategic marketing programme, but rather due to the invaluable business-to-business “ability to invite key decision-makers to some of the most prestigious sporting events in the world, and to use the occasion to demonstrate (company’s) expertise” (Sponsorship types, 2000). Some companies seek to improve their return on investment (ROI) as defined business objectives. “This would include factoring sales into the objectives, which is rare in sponsorship, but is the ultimate goal” (Constantinou & Rines, 2004). This ultimate ‘commercial’ goal might be as well interpreted as extended objective towards stock investors who “respond positively to corporations that invest in...sponsorships...as does the perception of longevity when long-term agreements are consummated” (Mueller & Roberts, 2008). This objective, to an even larger extend, might affect the stock exchange market as “investors process the news and might adjust expectations for the sponsor’s future cash flow. As a result, the share price would react accordingly (Reiser et al., 2012).

On the completely other end, and against the notion that “the only responsibility of business is to make a profit, within the limits of the law”, the opposing stance says that “the corporation has responsibilities to others, in addition to shareholders.” As a result, “organizations have been sensitized to the importance of making a positive contribution to society, and many act accordingly” as part of their Corporate Social Responsibility (CSR) activations (Babiak & Wolfe, 2006). The authors further continue in defending that, for what regards sponsorship activation, “engaging in CSR activities can help a company in various ways.
Increasingly, companies and brands associate themselves with a cause as a means to: differentiate from competition; build an emotional bond with their customer; engender employee satisfaction/loyalty; create a cushion for greater customer acceptance of price increases; generate favourable publicity/counter negative publicity; help win over skeptical public officials (who might determine expansion/growth); and build corporate reputation and brand loyalty”.

Other objectives and reasons for sponsorship and sponsorship activation could be traced to less generic and more concrete goals, as Kang and Stotlar (2011) suggest, such as reaching participants and spectators, TV coverage, market segmentation, competitive advantage acquisitions, or increased distribution channels. Interestingly, they continue, “some corporations decided to become sponsors not based on commercial strategies, but rather because of the personal interests of key decision makers”.

It can be fairly said that any and all other definitions and explanations would only repeat and alter the above mentioned objectives of companies to activate sponsorship. Therefore, we could adopt, as most complete, the official statement of the International Olympic Committee (IOC) which states that their sponsorship (TOP) program “provides attractive marketing opportunities that help firms achieve their business objectives in six ways: enhancing brand equity, building corporate reputations, developing customer relationships, increasing sales, motivating employees, and connecting with local communities” (Kang & Stotlar, 2011). This makes the reality even more ironic and the sponsorship activation even more significant as the IOC strictly forbids any branding and logo signage on Olympic athletes and venues.

**Investment in Sponsorship activation**

For what regards the amount spent on sponsorship activation, a general consensus says that “a sponsor should reserve substantial additional resources for leverage to be able to fully profit from signing a sponsorship agreement” (Walraven et al., 2012). In reality, in order “to support, leverage and fully exploit a sponsorship, businesses spend two to three times more
than what they pay for securing the property of sponsorship rights because sponsorship is not only a communication tool but a commercial investment as well (Tsiotsou, 2011). Concrete amounts vary quite substantially as some scholars suggest and some companies confirm that it takes “anywhere between a $1-for-$1 to a $5-for-$1 or, in some cases, even greater spending to activate a sponsorship” (Papadimitriou & Apostolopoulou, 2009). In continuation, Mayo and Bishop (2010) remind that “the challenge in these turbulent economic times is that there is a fixed amount of money required to gain access to properties and their audience and, often with tight budgets, the activation budget gets slashed in order to fund rights fees”. Nevertheless, the authors continue, “properties must demand activation as part of their sponsorship agreement as it is now known that the activation drives the greatest gains in ROI as it drives demonstrable purchase consideration increases. Brands are looking for larger ROI gains via properly executed activations that will bring consumers back again and again. It is truly a win-win situation for both parties when sponsors activate well”.

**Sponsorship activation and ambush marketing**

The Olympic Games in Los Angeles in 1984 raised the attention and coined the term ‘ambush marketing’, a practice which is directly linked to the whole concept of sponsorship activation (Burton & Chadwick 2009). Since then, and similarly to the development of sponsorship activation, the perception and definition of ambush marketing evolved quite substantially. “The earliest definitions of ambush marketing were pejorative, implying unethical business conduct laden with the evil intent (thus supporting the perspective of event organizers and official sponsors). For instance, the term has been defined as a company’s intentional efforts to weaken—or ambush—its competitor’s ‘official sponsorship.’ It does this by engaging in promotions and advertising that trade off the event or property’s goodwill and reputation, and that seek to confuse the buying public as to which companies really hold official sponsorship rights” (Tsiotsou, 2011). However, the author continues, the conceptual framework evolved to “acknowledge the practical, ethical and legal ambiguities (often referred to as the
“grey areas”) that surround the concept of ambush marketing. Hence, in contrast to the pejorative definition, ambush marketing can be more broadly defined to describe a whole variety of wholly legitimate and morally correct methods of intruding upon public consciousness surrounding an event" (McKelvey et al., 2012). Businesses offer more practical definition and claim that “often seen as the direct competition between major brands - sponsor versus non-sponsor - for consumer attention, ambush marketing campaigns use sporting imagery or themes, vague or misleading wording, and are positioned strategically to reinforce an intended misassociation and link a brand to an event or property, in the absence of an official relationship” (Burton & Chadwick 2009). Hence, the same authors propose a new, rather neutral definition, “which draws upon past works and current practices in ambushing and sponsorship, and aims to address the perceived weaknesses of previous definitions: Ambush marketing is a form of associative marketing, utilized by an organization to capitalize upon the awareness, attention, goodwill, and other benefits, generated by having an association with an event or property, without that organization having an official or direct connection to that event or property”. Hence, “while at one extreme end of the ambush marketing conceptual debate we have what the Olympic Games have termed as ‘parasite marketing’, at the other end we have what has been referred to as ‘parallel marketing’” (McKelvey & Grady, 2008). In any case, it is certain that “the presence of ambush marketing and the subsequent difficulties consumers have reported in distinguishing between official and unofficial sponsors have been postulated to influence consumer’s purchase intention” (Macintosh et al., 2012). Therefore, Burton and Chadwick (2009) quote and identify “two major threats to sponsorship: 1) ambush marketing threatens the integrity of major events; and 2) ambush marketing may ultimately undermine the financial viability of major events by devaluing sponsorship”. In line to this, and taking into account all legal parameters that regard ambush marketing, McKelvey and Grady (2008) examine and propose “four over-arching sponsorship program protection strategies increasingly used by event organizers: (1) pre-event education and public relations initiatives; (2) on-site policing, which ranges from confiscation of
non-sponsor product and signage to the creation of ‘clean zones’; (3) the use of contractual language in athlete participation agreements and on spectators’ tickets; and (4) the enactment and enforcement of special trademark protection legislation.

**Other challenges and future trends of sport sponsorship**

The topic of sponsorship leverage doesn’t make it any easier the fact that “there are other options available for sponsorship dollars in and outside of sports, creating a growing need for improving sponsorship activation and, more importantly, the measurement of activation effectiveness” (O’Keefe et al., 2009). In other words, “there is a need within the sponsorship and marketing communication literature for research aimed at better understanding the interplay of sponsorship and leveraging” (Carrillat et al., 2013), and “the need for this study is escalated even more in light of the current economic conditions” (O’Keefe et al., 2009). Farrelly, (2010) tends to justify this status saying that “the potential for feelings of inequity or lack of return on investment are always very real because sponsorship value is highly intangible and hard to evaluate”. Anyhow, given the evident importance and significance of sport sponsorship in the companies’ budgets, “surprisingly, only a handful of studies have explored the topic of leveraging sponsorship agreements, and that has usually been as part of a larger study that examined a number of other sponsorship related topics”.

Nevertheless, the real world seems to suggest that sponsors and properties have open hands and room for improvement in all areas of their sponsorship relationships through various creative initiatives and novelties. For example, “a growing area in broadcast sponsorship is the so-called sponsor-funded programming in which the sponsor arranges and pays for the television production costs in return for sponsorship branding of the broadcast” (Sponsorship types, 2000). In relation to this, the society experiences new media which has emerged as an “important dimension of sports sponsorship because of its ability to reach consumers during the activation of sponsorships and facilitate the thematically linked, integrated marketing initiatives. Core marketing activities now include ‘interactivity, integration, customisation and
coproduction’ and value ‘is defined and co-created with the consumer rather than embedded in output’. In the new economy, where brands must focus on dialogues rather than on campaigns, new media has become a vehicle for the expansion of synergistic marketing communication, which includes the integration of multiple media channels and publicity methods in order to sell products, services and ideas” (Santomier, 2008).

In addition, “it is important to begin utilizing the concept of ‘eduselling’. Eduselling is a thorough education of the potential sponsors, including a fully-prepared ‘how to’ activation guide”. To an even larger extent, “future corporate involvement will see the sponsor attempting to control and perhaps own activities and events with desirable association values. Such control will facilitate the clear transmission of chosen values to the corporate brand via integrated media outlets to audiences increasingly weaned on a diet of synthetic experiences” (Pearsall, 2009).

Ultimately, “in the future, sponsorship will be judged less on what was purchased and more on what was done with any particular sponsored property. Activation and leverage activity will be strategized, budgeted and agreed prior to purchase as opposed to the more traditional route of buy and then talk about how to maximize the returns on investment and objectives. This will mean that a great deal more research and analysis will take place prior to purchase as opposed to after the activity. Research will be used less to justify and more to activate sponsorship programmes. Attaching a name to a property will not be enough to gain genuine consumer acceptance. As a word of advice for sponsors, perhaps the most important item on a sponsorship activation checklist is for the brand team to ask whether it is adding positively to the experience of the targeted individuals and communities” (Watt, 2008).

At the end of the day, it can be concluded, that whatever efforts and activities are done and tried by both sponsors and properties, “it is widely understood that not all sponsors at the same event achieve equivalent results, and that certain types of sponsors have better chances of garnering attention than others. The most successful categories generally reflect companies
with a natural tie to the sport or event, products that are brand leaders or are a common household name” (Pearsall, 2009).

Conclusion

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
CHAPTER III

Research Methodology and Organization

Advertising and sport sponsorship can be a complex area, and a subject to different interpretations and approaches. 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 the communication mix.

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 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:

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?

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.

For the purpose of this work, it is also worth to mention how Kang and Stotlar (2011) very sufficiently and vividly elaborate experts’ opinions in methodology that justify the qualitative approach for this type of subject. They quote that “qualitative research aims to capture qualities that are not quantifiable, that are reducible to numbers, such as feeling, thoughts, experiences and so on, that are those concepts associated with interpretive approaches to knowledge. Qualitative research uses non-numerical data and analysis to describe and understand such concepts”. Furthermore, “qualitative researchers are interested in how people interpret their experiences, how they construct their worlds, what meaning they attribute to their experiences”.

The overall work contains two phases as specified below.

Phase 1

Secondary data collection from existing literature and other relevant academic material.

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 1 and mainly in Chapter 2, 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 goal of phase 1 is to deal mainly with theoretical background in defining sport sponsorship and traditional advertising and hence to:

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

Phase 2

**Primary data collection for the specific purpose of this project**

The basic approach of qualitative research used in the work is ‘phenomenological study’, adjusted to the needs of the project.

The goal 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)?

**Methods of data collection**

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: 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.

The interviews were conducted based on a two-levels 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.
  In line with the qualitative research methods and the nature of the scientific problem, the respondents were asked questions related to their expert opinion, feelings, experience, and
knowledge. Furthermore, the author aimed to improve the questions after each interview based on the feedback collected in the course of the interview process.

Whereas the main goal was to offer as much as possible open space for respondents’ expression, few introductory questions were asked at the beginning in order formally validate the respondent’s suitability and to comfortably transit towards the later stage:

- What is your position within the company and do you have direct decision making authority over marketing budget?
- What is your total marketing budget? *(not required to answer if sensitive or not-for-disclosure)*
- Which is the percentage of your budget that you devote to advertising, sponsorship and/or other tools?

The interview continued with a set of eight open-end questions where respondents were invited to base their answers on their corporate analysis but also on their personal experience, professional opinion, gut feeling, and subjective decisions. Additional ad-hoc questions were asked as a supportive technique to clarify certain views.

In order to conduct uninterrupted, meaningful, and sufficient interview, all respondents received the questionnaire in advance (the full questionnaire is to be found attached in the appendix). The questionnaire contained an opening statement clarifying the academic purpose of the requested interview. It further presented a short introduction of this work with the goal to make the respondents familiar with the topic, giving them the chance to reject their participation or pass it forward to a colleague in case they found it not suitable for their profile. In addition, the respondents were informed that they should expect seven to ten open questions which will anticipate one to one and half hour of their time. Also, the names of all other companies approached were disclosed in order to mutually raise the profile of the respondents and initiate curiosity and willingness to maximize their efforts. They were also asked not to prepare their answers in advance, even less not in written form, which was
supposed to help in delivering their emotional and genuine feedback during the personal interview.

All the interviews were conducted during the months of July and August in 2016, for two main reasons. First, it offered the chance to capture up-to-date inputs. Second, it aimed not to leave big time discrepancy between the interviews, and thus to avoid potential changes in external influences, opportunities, or threats.

For what regards the informal interviews, the author had the opportunity and the privilege to have long term business relationship or personal acquaintance with all participating respondents. Furthermore, the author was exposed to relevant and valuable material and had access to useful information and forecasts, and also participated in closed business meetings or open forums and conferences. As a result, tacit knowledge was captured not only about the respondents opinions and decisions, but also about the companies’ culture and strategic directions. Hence, it can be said that the informal interviews were conducted in a period of five to eight years, absorbing along the way internal challenges such as budget allocations, personal feelings, or daily decisions, and external challenges such as economic crisis or market expectations.

Methods for data organization and interpretation

The organization of data practically started simultaneously with the collection of data. The process began by taking notes during the personal interviews and immediately interpreting them into a logical sequence. Based on the feedback, next questions were instantly adjusted to the situation or new ad-hoc and sub questions emerged in order to clarify the main inputs. After all the interviews were completed, started the process of identifying certain relationships between the various answers. Consequently, the answers were coded based on classes, types, or factors such as strategy, budget, percentage invested, objectives, measurement, preferences, etc. This resulted with table-like or graphic manifestation and categorization of the relationships. At the end, the process concluded with phenomenological interpretation.
meaning that one’s experience was conveyed based on the feedback from the personal interview.

In parallel to this process, the data collected was also interpreted by presenting each interview as a stand-alone case, followed by a mutual comparison of the companies. This approach enabled to establish relationship between the data collection and the process of creating theory and recommendations through analytical induction.

These methods for data organization and interpretation tend to incline towards narrative style of expressing the results and discussions. While this remains true and in place, it was considered useful to make an effort to summarize the outcomes of the interviews in a simple table. This graphic interpretation doesn’t intend to represent a definite formula or algorithm of respondents’ behaviors, nor to give a final answer of the scientific questions raised in this work. Instead, it aims to assist the flow of analytical thinking by offering a comfortable mental map, which gives a compact overview of the results. In business terms, this attempt could be perceived as ‘executive summary’, which should be useful, especially because this work is aimed for marketing and brand managers as focus groups.

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The above 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.

**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 concepts.
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.
CHAPTER IV

Results

This chapter transcripts all the interviews conducted, separately and independently from each other. The respondents’ feedback, at this point, are not influenced by one another, thus the results represent the individual functioning and culture of each brand. The actual comparison follows in the next chapter through discussion and recommendation.

The narration below follows the logic and sequence of the questionnaire attached. However, each question and answer are not visibly divided and isolated, but rather integrated and cluttered, which reflects the interrelations between strategies, decisions, opinions, and gut feelings.

Volkswagen

Our respondent is Mr. Daniel Harant (Harant, 2016), Head of Volkswagen personal vehicles division for the Czech Republic, which is part of the company Porsche Česká republika s.r.o. He is responsible for the largest division of the Volkswagen brand (small percentage belongs to Volkswagen commercial vehicles which is managed separately) including direct decision making over corporate and marketing strategies and budget allocations.

As we will understand later on, Volkswagen is the only brand studied in this work that does not consider the total marketing budget a confidential matter. As a matter of fact, there wasn’t a second of hesitation in disclosing the exact amount invested in marketing and communication efforts. Nevertheless, since all the other respondents from the other brands were more confident to work with percentage share rather than absolute numbers, the author decided not to publish the financial amount of Volkswagen as well. Instead, the feedback from all the interviews dictate the need and the comfort to work with and compare based on percentages.
Out of the total communication budget, only 5 to 7% is spent on sponsorships. The largest amount of that portion is devoted for sponsoring the Prague International Marathon, which actually absorbs almost the full investment. This support represents a combination of cash (sponsorship fee) and value in kind (cars). Next, a small share is invested in supporting a floorball project which gains small amount of sponsorship fee and usage of cars. The rest goes for partnering with an Olympic athlete, a singer, and a fashion designer, which requires only a value in kind support, without any financial fee.

Interestingly, another 5% of the marketing budget is devoted for education and training of employees and car dealers, including as well preparation and printing of materials. Here, it is interesting to notice that these activities could have easily belonged to the Human Resource department budget, probably without raising any surprising or opposing standpoints.

The bulk of the marketing budget goes for communication of car offers, whereas each model has its own campaign. In reality, this means massive ATL efforts which gives a leading role to advertising as promotional tool. Nevertheless, there are significant BTL activities which are often, but not only, translated into activation and leverage of the sponsorship investment.

For what regards the motivation behind the percentage split above, the company has quite extensive spectrum of considerations. First of all, there isn’t any preconceived rule written in stone or imposed by higher or central authorities. One exception that softly enacts an obligation would probably be the global and central strategic direction to allocate a minimum of 30% of the budget for online (digital) campaigns. Then, the decisions are mainly made based on professional experience i.e. what worked well. In order to understand this better, the company is hiring research agencies to perform ‘post-test analysis’ which should show good grades in brand awareness, brand loyalty, or brand sympathy, among else. Further, probably the most important input is the feedback from the dealership network, in terms of how they perceive and react to the given promotional effort and how they are satisfied with the results. At the end of the day, the dealers are looking at the bottom line impact i.e. sales figures, and this is what counts. Feedback from the employees and the marketing team are also taken into
consideration, especially for expressing the tacit knowledge and feeling about a given cooperation with a partner or about a marketing activity. Moreover, they are encouraged to bring something new on the table and refresh the communication with a new idea each year. On the other hand, the management is careful not to be influenced by personal relationships and individual evaluation. “This is not my own private business, and I am working with a budget that doesn’t belong to me personally. Otherwise, maybe I would approach some things differently”, concludes on this matter Mr. Harant (2016).

On the topic of objectives and expectations from the investments in advertising and sponsorship, the Volkswagen brand tends first to clarify certain definitions. Our respondent continues: “of course, we would say that sales figures are the ultimate goal. But sales will come later on. First of all, how do you define ‘sales’? In our industry, we consider a sale when the order is placed, which might be long before the actual purchase takes place. In that period, you already have a customer you can work with. Furthermore, the sale process doesn’t end with the purchase itself. There is a post-sale period which is also a sale opportunity. In fact, we have employees whose responsibilities are purely post-sale activities”. Besides this specific approach that navigates the expectations of the marketing efforts in general, the company’s objectives in communication are, as previously mentioned, to build brand sympathy and brand loyalty. As a result of these two segments, the communication is based on ‘hard sale’ and ‘image’ campaigns. “The first one should be made in a way not to damage the brand, even though it might not necessarily add to the brand value. The second one is intended to increase the sympathy and loyalty to the brand. Our ‘Maraton Edition’ is beautiful example of how these two campaigns can be combined” (Harant, 2016). On the last question on this topic if employees’ benefits fit in this model of expected objectives, the answer was that they perceive the partnerships as nice benefits for employees, but they don’t measure it in any way.

The ‘Maraton Edition’ campaign is a perfect illustration of how a sponsorship investment can be activated and integrated into a full communication plan and advertising in particular. The combination begins with choosing the name of the campaign which bears the
title of the sponsored property. This ‘limited edition’ of cars actually represents a package of technical benefits and a set of additional equipment at convenient price. In other words, there is no need for any factory produced model adjustments or similar interventions, which makes this campaign a pure marketing effort feasible and realizable at local level. Furthermore, the campaign name adopts the font and the colors of the logo of the sponsored marathon event, which additionally associates the two brands. By default, both the logo of the campaign and the logo of the sponsored property are always present on all visuals, endorsing each other and reminding about the positive values they share. Moreover, the campaign doesn’t start and end on the marathon event day and in the place where the race is held, but extends year round and nationwide. In fact, Volkswagen places its bet and relies on this campaign as a central point of communication for the year 2016. The outcome of this strategic decision is a so called ‘360 campaign’ as opposed to ‘isolated campaign’ where attention is paid to coordinate all the efforts carefully and not to ‘shoot in the dark’. This approach brings massive and long term ATL (above the line) promotion on TV, radio, outdoor, and online media, emphasizing the ‘mass premium brand’ acclaimed image and positioning. Additional various BTL (below the line) activities and creative tactics are closely linked to and leveraged by the sponsored property reinforcing the life cycle of the campaign. For instance, ‘Maraton Edition’ cars are used at the marathon event as a main prize for the winner, as a transport for journalists and elite athletes, exposed at the expos and in the guest area, driven as official Car Clock in front of the first athletes, or used by the marathon event organizers. The results in the first half of the year show that the ‘Maraton Edition’ is the most successful communication campaign of Volkswagen in the history in the Czech Republic.

Besides this sophisticatedly coordinated operation, Volkswagen undertakes other actions to leverage on the cooperation with its sponsored properties. Besides the standard and expected visibility it gets as a Title Partner of the Prague Marathon and a Main Partner of the related RunCzech Running League, Volkswagen, among else, further dresses all the volunteers in branded t-shirts and jackets, gives branded refreshing sponges to all marathon runners, or
produces branded name tags for safe storage of runners’ private belongings. In addition, it creates a web and mobile platform which enables runners to find their co-runners to join them for a team run or other social running occasion, aiming to build an affluent targeted community with common profiles and interest that will share sympathy and loyalty with the brand that supports their passion.

Even though the immediate instinctive response was that measuring the return on the advertising or sponsorship investment is difficult, Mr. Harant in fact, spontaneously numbered out few suitable efforts and opinions. Namely, Volkswagen is regularly monitoring not only the sales, but the number of test drives as well, trying to link them to the given promotional campaign. In line to this, pairing the returns with an individual media and promotional activity is somewhat complicated, thus they rather tend to compare campaign versus campaign, with intention to measure and accredit the eventual success to a campaign as a whole. Nevertheless, they acknowledge that the most comfortable platform for measuring is online media (able to measure share of voice, among else), where particularly important for them are reports that show the number of personal car configurations on their web. For this purpose of measuring, media and research agencies are used not only for online media, but for as many as possible indications that would bring objective picture and help the decision making process. For instance, one parameter for evaluating the sponsorship cooperation is the knowledge and association of the brand with the sponsored property.

The satisfaction with a promotional channel and especially with sponsorship cooperation is best expressed in continuing with the partnership. If they keep sponsoring a property for a long period, it means they think it works and makes sense. Indeed, they feel it is time to redefine how they perceive sponsorship, hence, and among else, there will be a new proposal how to approach smaller activities in the next years. Of course, everyone would like ‘hard data’ based on which a manager could defend his or her proposal and stand behind a marketing decision. In line with this, it would be ideal and much easier if there was a possibility to measure everything. For this reason, Mr. Harant (2016) expects future trends to rely on
online media, which offers more comfortably measured feedback and data, but he doesn’t believe this channel will ever surpass 50% of their communication budget. At the same time, he is confident that television will move to become a genuine online media, which will make ‘people-meters’ obsolete and will enable to better focus the efforts and measure the results.

In absence of these methods for perfect measurement, Volkswagen accentuates the necessity and importance for a long term strategy and vision, which is an obvious highway for appropriate and integrated use of advertising and sponsorship. In this sense, the key is to communicate a unique message through a wide range of channels. In this process, Mr. Harrant’s personal style and suggestion is “keep it simple and don’t make a science out of it. Everything should be made easily digestible for the customers. Too much complication and sophistication will kill the success.”

In any case, there isn’t really clear preference, both on personal and corporate level, between advertising on one side and sponsorship on the other. “Advertising is something that you cannot work without. Sponsorship is an investment on a long term. Both are complementing each other and you can’t, nor should, work without linking and relating them. Unless you are building and dealing with a ‘love brand’ where the product would sell itself, this is my point of view” (Harant, 2016).

**Adidas**

The local adidas office for the Czech Republic’s market is managed by our respondent, Mr. Karel Ledvinka. The country belongs to a wider cluster called ‘adidas Central Europe East’ centrally managed by the Headquarter office in Slovakia, which further reports only to the headquarters in Germany. Nevertheless, it can be said that the budget allocation for national communication is locally managed and independent, although with fair direct and indirect indications and reasonably influenced by regional or global strategies. This corporate structure and internal relations might be one of the reasons why the total communication budget of our point of interest i.e. the local Czech office, is confidential. Furthermore, the budget split among
various communication platforms and sponsored properties is rather not commonly shared as well. Implicitly, this is perhaps due to individual contractual agreements of sensitive nature and with confidentiality clauses, and not due to strict corporate rules and decisions per se.

Anyhow, it is safe to say that sponsorship deals represent significant portion of the pot, and we would not be far from the truth if we say that they account to at least 50% of the total budget. On the other hand, traditional ATL actions are of decreasing tendency and it is expected to keep this approach in the future. To be fair, television still might play an important role but only in special and rather extraordinary circumstances such as in years of big events like FIFA World Cup and UEFA EURO, or due to global exceptional big launching such as the ‘Boost’ technology. Simply put, television and radio are no longer the right media for their target group. Instead, they recognize the growing phenomenon of social media and this is where adidas tends to direct its communication efforts. In line with this strategic direction, the main goal is not just to appear on the screen with a logo or an offer, but to encourage posts on social channels and to win sympathies of the mainstream PR platforms. For this reason, adidas is paying lot of attention to produce memorable BTL initiatives, especially when launching a new product. “We call it a ‘consumer journey’. For instance, we organize atypical press conference where invited journalists, influencers, and clients walk through a ‘Boost’-ed parquet, experiencing the new technology on spot in an unconventional way. Similarly, we have established regular running groups where members join for free and go for a test run with new model of shoes” (Ledvinka, 2016).

In addition, there is a very specific communication budget line called ‘Sell Out Support’ i.e. SOS, created as a special tactic for business relationship between adidas and its mono or multi brand vendor partners. For example, the turnover of the vendor in the previous year shapes the SOS budget for the next year which adidas devotes as an incentive. It is kind of a rebate system, but at the same time it is not. As a matter of fact, this support doesn’t even fall under the regular communication budget, therefore it is not considered as a marketing expenditure. Instead, it appears in the sales margin sheets, thus securing additional space for
maneuvering within the communication strategies and costs. By using this method, outdoor promotion, for example, is obtained through vendors’ investment, while the campaign is bearing exclusively adidas brand presence and visibility.

Sales figures and past experience are top of mind elements influencing the percentage split of the budget among various mainstream or specific communication platforms and initiatives. They could be perceived at the same time as both cause for and result of strategic communication goals. “We already know that in the future we will focus more on activation, not only in terms of leveraging our sponsorships, but also positioning our communication in general. We could live with less people reached, but we will seek bigger influence. For example, we brought to the Czech Republic only 16 pairs of ‘Kanye West’ shoes. One customer paid 9000CZK (app. EUR 330) for a pair, but sold it for 35000CZK (app. EUR 1300) immediately as he stepped out from the store. It was the viral marketing strategy that followed up and achieved wide PR coverage and excitement” (Ledvinka, 2016). As mentioned earlier, big events and other special occasions will probably remain significant influencers and disturbers of annual marketing plans. In any case, adidas Marketing Working Budget (MWB) will tend to be used not only to follow, but indeed to dictate trends in digital and social media.

In this sense, the main expectations and priority objectives from the communication in general would be providing experience. Even though the process starts internally with boosting the ties among employees, their benefits belong rather to the HR department and its adequate budget. On the other hand, there is a second level of objectives which is tailored to a concrete promotional channel. This means that direct sales might not be a priority goal expected from a sponsorship relation, but it would be taken into account for evaluating an advertising media. At the same time, brand awareness is not on the top of the list in an advertising investment, but it is anticipated to be enhanced by sponsored properties. In order to set a solid base for building an appealing communication message, which offers opportunities for both advertising and sponsorship as conveying platforms, adidas cooperates with carefully selected events and personalities. The Prague International Marathon reaches out, among others, to the target
market of Young Urban Runners. The football player Pavel Nedved, and the former Miss World Tatiana Kucharova are the best sport and fashion ambassadors for attracting media attention when launching new products like football shoes, balls, running gear, or trendy outfit. Libor Uher is a mountain climber and trail runner certifying the quality and performance of adidas outdoor category equipment. Gabriela Soukalova is a successful Olympic medalist who represents the adidas girls and inspires women to do sport and feel beautiful. The partnering McDonalds Cup in football secures grassroots sympathy of the brand.

Adidas is trying to understand the success of its promotional tools based on available scientific methods, both on global and local level. They take for granted the need to measure various standardized Key Performance Indicators (KPI) such as number of clicks, market share, sales research, etc. In this process, they appear to give special attention to the Net Promoter Score (NPS) tool where it is important to show that people are loyal to and recommend the adidas brand. Nevertheless, this method is measured only on a global level and not locally. Furthermore, they customize methods of measurement tailored to their scope of business such as the ‘shoe counting’ feedback from sponsored events where precise counting system calculates the percentage of event participants wearing adidas and competitive brands. In addition, there is a ‘success fee’ model which rewards a sponsored property based on fulfilling clearly defined criteria, not necessarily linked to sales figures but driven instead by delivering quality or ability to attract preferred profile of participants. Hence, “maybe we can get some indication if a sponsored event is a successful partnership based on sales figures and other concrete results, but the partnership with Pavel Nedved, for example, is a matter of pure gut feeling” (Ledvinka, 2016). Therefore, they recognize and acknowledge the difficulty to receive rock solid data which will provide facts about their marketing investment and enable them to make assured decisions.

At the end, Mr. Ledvinka shares his preferences and views on both internal corporate activities and daily routines, and general directions and opportunities in marketing and communication. For him, activation and leverage is something that companies, including
adidas, should approach very seriously and on different levels. This should become a common practice and ideas should be developed regardless if brands and corporate strategies are inclined towards advertising, sponsorship, or other various ATL and BTL actions. Ideally, all these tools should be combined and integrated into a interrelated model, which should guarantee best results. For adidas concretely, he believes that the key factor is to find the right ‘influencer’, which besides requiring careful selection process, you also have to rely a bit on luck as you never know for certain how the market will react. Furthermore, for adidas is very important to build and foster a strong community, which is actually an ongoing process both locally and globally. The adidas ‘runbase’ in Berlin or the adidas running team in Prague are some of the examples for this sort of initiatives. They represent a platform where people that share same passion have the opportunity to physically meet and spend time together. This brings somewhat a new impulse of building a community, which is especially important as we live in an era where digital solutions enable people to communicate virtually and keeps them away from meeting in person. Those platforms seem to serve and bring local community together, but at the same time they have global reach and shape World trends and best practices. As a matter of fact, Prague is among the pioneers in presenting the concept of ‘runbase’, which already reaches out around the globe and it is adopted by many brands and event organizers. Understandably, many global initiatives are utilized and implemented on local level. For instance, the local adidas office in the Czech Republic finds it more efficient to leverage on the global partnership with Lionel Messi than sponsoring and taking opportunity of the best football player in the country. In any case, “sponsorship should not start and end with dressing up a football team, for example. This is something I don’t believe in”, concludes Mr. Ledvinka (2016).

**Johnson & Johnson**

Johnson & Johnson, as a mother brand, is operating within different segments including consumer products and medical devices. This work focuses on the consumer health care
section which falls under the FMCG industry, whereas the product portfolio, among else, includes the brands of O.B. (tampons for women), Listerine (oral health care), Neutrogena (skin care), Johnson & Johnson baby (baby care), and Compeed (wound care). The position of ‘Consumer Country Manager CZ & SK’ of our respondent, Mr. Robert Storch, anticipates the heavily centralized corporate structure. In any case, the position is equivalent to a General Manager of the local office in the Czech Republic, which is the highest level and bears all the privileges and responsibilities regarding the marketing decision making process. Well, the first reaction on this topic during the interview was that local offices, in general, have very limited or rather don’t have any real decision power in budgets and strategy, especially not in marketing.

The company is managed using a ‘silos model’ that dictates a matrix structure of marketing and communication, which is somewhat valid for many FMCG companies. In line to this, the country belongs to a ‘cluster’ of Central and Eastern Europe (CEE) region originally composed of the Czech Republic, Slovakia, Poland, Hungary, and the Baltics, which, since last year, joined the larger CE group where further belong Germany, Austria, Belgium, Holland, and Switzerland.

As mentioned, marketing is the area with the biggest tendency for centralized strategies and enforcements, whereas the brand support aims to be maximally unified. The company almost completely abandoned any efforts for tailor made support for a given country, especially smaller ones, with certain exceptions valid for Germany, for example. This approach is translated into concrete undertakings such as hiring same global suppliers, agencies, or subcontractors. For what regards the communication budget itself, this is something that is decided within and on the level of the ‘cluster’ management based in Germany. It is safe to say that the local management virtually doesn’t have almost any significance in influencing this process. However, the process of deciding might be remotely influenced by the market share of a certain brand within the portfolio. In this sense, in the Czech Republic, O.B. and Listerine hold around 60% of the market in their segments respectively, Johnson’s baby approximately 30%, whereas Compeed is a small segment. Neutrogena holds the 5th position in the market, where the percentage is hard to define due to overlapping of different segments. At the same time,
these indicators might produce false predictions as nothing stops the central management from imposing the support of a certain brand due to global priorities and unified brand strategy.

The global corporate nature and governance suppress the comfort to disclose absolute numbers when it comes to total marketing budget. However, we know that 10-15% of the turnover is reinvested in marketing and communication. “The largest amount is definitely spent on television. This is simply what Johnson & Johnson still believes in and the instruction from the central office are clear. In addition, there are quite small digital communication efforts, whereas outdoor and radio campaigns are basically dead. Sponsorship is also something that doesn’t enjoy big trust, if any at all, especially because of the lack of mechanism to measure the Return on Investment. However, there is rather relevant Corporate Social Responsibility Program which operates out of the marketing budget, but brings significant marketing benefits” (Storch, 2016). As a result, Johnson & Johnson doesn’t have official sponsorship program in the Czech Republic. At the same time, it does partner up and financially support the Prague International Marathon, which, important to accentuate and very interesting to analyze, is a truly local decision and strategy.

As we already explained the effect on centralized decision making on marketing and communication strategies and budget, we will elaborate a bit more the reasons and motivations to undertake a sponsorship deal, somewhat against the internal global corporate rulebooks and directions. “First of all, we kind of disguised the sponsorship fee into a local budget which we used mainly for so called ‘category solution activities’ (grade categories) that exist as a brand support tool. Second of all, we stated these local activities as part of our due reports about our overall communication, but they were not priority topic for discussion with the regional management”, admits Mr. Storch (2016). The reasons for jumping into such an adventure are manifold. Above all, the local office recognizes and genuinely believes that such partnership would contribute from a pure business and objective perspective. Namely, the partnership relation joined together two renowned and respected brands in terms of quality, and in terms of how they behave and how they position themselves in the market. Additionally,
there is a clear correspondence of the target market which is linked to the brands’ core business of ‘health’ i.e. the customers’ profile is the same of those that participate in the running events. On top, the whole operation is fairly cost effective which allows certain comfort in deciding without big risk takings and jeopardizing the wellbeing and stability of the company.

It can be claimed that the other reason for such a decision is fairly subjective, even though those elements of subjectivity are based on reasonable professional expertise as opposed to pure individual preferences. In this regard, the local management firstly observed and esteemed how the event organizer behaved towards other partners. This perception was reconfirmed during the negotiation process with the local office of Johnson & Johnson which set the grounds of taking further steps. The acceptance was reinforced during the course of the cooperation where the partnership proved to be worthwhile and beneficial. “The main ‘subjective’ attributes, appreciated in this process were, among others, demonstrating loyalty, ability to find solutions, flexibility, and consistency. As you can notice, we were not driven by any measurements of direct return on investments whatsoever. It means that we don’t expect nor measure direct sales. If I have to summarize, I would say that we aim to gain brand connection with a top quality brand within our country that represents a platform for brand awareness among and face to face contact with a specifically defined community of supporters that fit our customer profile” (Storch, 2016). As a matter of fact, what personally bothers him as a head of the local office is that they were not completely able to internally sell the idea and the value of this partnership, even though this is gradually changing and the internal awareness is getting better now. “For instance, within the local office there is a culture of running and active lifestyle, it is just that the employees don’t even know about the cooperation and don’t take advantage of it. At least, this shows that our motivation to close this sponsorship deal was not to get any employees’ benefits or personal privileges” (Storch, 2016).

Since this sponsorship deal is a pure exception from the corporate strategy, unfortunately there isn’t much space for brand and commercial activation. Nevertheless, the event organizers took few initiatives on their own, which enabled a leverage on the partnership
on top of the standard visibility and promotion agreed. A project called Women’s Challenge was created and carried the title name of Johnson & Johnson. The program gives access of the brand to carefully selected women who share their stories and experiences with the wide public through a range of mainstream and focused media channels. Besides the benefits of brand connection, this project serves as a presenting platform of the O.B. products for women where opinion leaders are given to test and share their experience about the product. In addition, the Compeed brand was exposed on the event day and through other year round activities. Its brand presence is not being justified only as a standard sponsor promotion, but it is naturally incorporated into the organizers’ communication of services for runners which is perceived not as an attempt to intrude, but as a genuine support of those in need. Furthermore, there is even an ongoing attempt to develop a cross marketing and cross business relationship between Johnson & Johnson and other partners of the Prague International Marathon, where the event organizers are acting as facilitators of potential business development.

Given the above said, obviously there isn’t any direct connection and attempts of Johnson & Johnson for combined and integrated communication strategy between its advertising and sponsorship activities. Again, the only practical integration of these two promotional tools happens with the help of the event organizer who devotes part of its own ATL campaign to the communication of Johnson & Johnson as a proud partner of the Women’s Challenge project.

Regarding the measurement of the return on investment, the company is understandably focused mainly on its core promotional ATL campaigns. In fact, a classic return on investment is not even measured as such, which would be anyway very difficult to achieve for many reasons. Instead, the company is measuring ‘reach’ and ‘cost per point (CPP)’ which is their crucial indicator for the success of the advertising itself, but also for evaluating the job done by the hired agencies. However, this feedback doesn’t give a true answer on the question whether and how much the final consumer was truly influenced by the campaign, nor it can be
claimed for certain if he or she actually made the purchase because of the campaign. For this reason, they are approaching their marketing efforts as a ‘360 degree system’ in which the center of the circle is reserved for the customer. To be clear, a key customer in their specific industry are in fact partnered vendors which are selling their products to the final consumer. In line with this, the circle includes several factors such as TV advertising, sales promotion of the vendors, contests and other specially customized actions, pricing strategies and policies, and others. Furthermore, it is very important the size and dispersion of the partner, as five vendors might generate up to 80% of the sales of Johnson & Johnson products. Hence, it is very important and very closely followed what is, for example, Tesco planning and doing on this matter.

On the question how satisfied he is from the corporate strategies and marketing efforts, Mr. Storch gives quite extensive and valuable insights and professional opinion. Truly, his views extend much further than local corporate influence, and are relevant and applicable to global and general marketing practices. “I perceive a trend where the ‘one size fits all’ strategy defines corporate governance, mainly because it ‘de-complex-izes’ i.e. simplifies and favors cost savings. This approach might be efficient, but I don’t believe is sustaining on a long term basis. Basically, it will come to a point where there won’t be any room for further cost cuttings or ways to make extra profit. As a result, the wheel will turn to a position where companies will have to allow themselves a bit more of complexity, which will mean they will have to start spending and investing more. At the same time, companies will have to come back to the strategy where they must understand the local market and people and adjust to their needs and expectations. At the end, this complexity and this localization will be noticed, well received, and appreciated by the customers and consumers. I expect this wheel to start turning in the next five to ten years” (Storch, 2016).

For what regards concrete promotional tools and strategies, our respondent would personally cut a lot of TV spending and invest them rather in digital and social media promotion. “My daughter, who is 16 years old, simply doesn’t watch TV at all. At the same time,
she is indeed a targeted profile of Johnson & Johnson brand. Therefore, we must show some flexibility if we want to address younger population. I understand that TV cannot and should not completely disappear, but it should be limited as a communication channel toward youth” (Storch, 2016). When it comes to sponsoring, the global corporate governance of Johnson & Johnson simply doesn’t see it happening and it is expected that this will not change all of a sudden. Mr. Storch, personally, sees sponsoring as a platform where immediate return on investment should not be taken into account and expected as preferred result. For him, a sponsorship deal is about showing off your brand in different light and identify yourself with values such as loyalty and quality. In line to this, it is very important to carefully select the sponsored property based on concretely established criteria and professional analysis. As he points out, “I would support the Prague Marathon and other running events of similar size and quality, which, by the way, there aren’t many. It means, I support occasions where people are experiencing something emotional, either as direct participants, or as fans and spectators. When you approach those people in that moment, combined with other benefits and actions, that emotion would perfectly fit with the brand” (2016). However, he claims he wouldn’t professionally attach to football or hockey, and he wouldn’t professionally nor personally support dog races or motorcycle competitions.

Taking into account what was previously said, Johnson & Johnson as a company would continue to push on measurable ways of ROI, which indicates their intention to stick to ATL communication. Hence, Mr. Storch comments on what would he suggest and require from a sponsorship deal. Measurement of the success would not be among the expectations, as apparently emotions can’t be measured. Instead, he must see a sponsored property that is clean of scandals and mismanagement, which will prevent any negative PR association with the brand. Furthermore, the organizers must keep high quality of organization not allowing any undesirable feedback from the participants regarding services and products. Last, he would expect continuous innovation and fresh ideas as a guarantee that the sponsored organization is developing and growing.
UniCredit Bank

Mr. Ivo Polisensky is the ‘Head of Identity & Communication’ department, which can be a very challenging position in the heavily regulated, complicated, and sensitive banking industry. The nature of the financial sector reflects to some extent the corporate culture, not only in the Czech Republic’s office, but probably globally too. On one side, there is a certain carefulness when disclosing and speaking about numbers and amounts. On the other side, there is transparency and comfort in explaining even the smallest details. These kinds of explicit and implicit compromises are echoed via the fact that the total communication budget, which remains confidential, is a teamwork and reconciliation among the headquarters in Milan, the cluster CEE office in Vienna, and the local management.

In any case, the creation of the communication mix and budget allocation for different promotional tools in the country is a very liberal procedure in the hands of the local office. For this purpose, the decision making process is based on the technique of following and measuring industry benchmarks. Even with this sophisticated approach, it is not always possible to clearly divide and recognize the budget structure in terms of amount spent on concrete media channels. Truly, besides the general difficulty to create a structure due to overlapping of various media channels and tools, UniCredit Bank must manage additional fragments of ‘overall active banking’, ‘corporate banking’, and ‘retail banking’ communication messages. The first obstacle is in fact sponsorship; a chapter that officially does not even belong in the marketing budget the UniCredit Bank understands and practices. Nevertheless, this is acknowledged to be just an internal policy, thus we will consider this tool as part of the communication mix. As for the rest of the mix, Mr. Polisensky needed to take a minute to review the percentage split among the channels, which only reaffirms the absence of strongly dictated global instructions and preordained budgets. The calculations confirm that two thirds of the budget is devoted to advertising. Within this portion, more than half is spent on television, significant part is spent on online platforms, and the rest less burdening amount is spent on outdoor and other mass
media ATL campaigns. The rest of the total communication budget is shared between sponsorship and other BTL actions and events. Sponsored properties under the portfolio of the local office are the UEFA Champions League, the Czech Open tennis tournament, the RunCzech Running League, and the Film Festival in Karlovy Vary. Here, it is important to mention that, as part of a global strategy, the local office indeed contributes to the central sponsorship of the UEFA Champions League.

As mentioned earlier, the company is using industry benchmarks in order to understand how best to allocate its communication budget. In practice, this is a set of inputs and recommendations coming from engaged media and research agencies. The completion of the process is supported by establishing various qualitative and quantitative criteria, ending up with a strategic media plan. This plan is aimed to satisfy certain expectations and to fulfill concrete priority objectives. Advertising campaigns are projected to achieve the biggest possible wide population reach for the best possible effective price. In line to this, television is the media that should deliver the results, whereas the results are measured based on the cost per gross rating point (CPGRP). For what regards sponsorship, the objective remains for the brand and the communication message to reach the population, but this time the focus is to influence relevant and clearly defined target groups and communities. In addition, the sponsorship relation is expected to convey the values that are essential for the UniCredit Bank brand, and to positively influence the brand equity and brand reputation. “In other words, advertising is linked to our quantitative efforts where brand awareness is the important parameter. This is something that we measure once per year. Sponsorship, on the other hand, is associated with our qualitative efforts where we are looking at the brand equity index.” (Polisensky, 2016).

Increasing direct sales would be a common sense desired outcome from any marketing actions. However, while other companies might take this objective as a long term consequence of integrated marketing strategy, UniCredit Bank demands, on top of it, even stronger connection between its communication plan and its sales figures. Namely, they are looking at the direct impact on sales from a particular campaign, especially when it comes to advertising
and similar ATL actions. Hence, the success of a campaign would be challenged, for example, by watching at the percentage increase of sales in the concrete period when the campaign is running. Furthermore, and among else, they monitor the traffic on the website, including the online purchase conversion ratio, all in relation and relevance to the ongoing campaign. These types of figures and feedback are then further used for understanding the impact of the campaign as well as on the brand awareness i.e. the quantitative goals of the company. Linking a campaign to the impact of a sponsorship deal i.e. to the qualitative outcome is more problematic. Nevertheless, there are qualitative efforts to measure the impact and influence through studying the reputation index and brand equity researches. Herewith, the effectiveness of sponsorship platforms is measured based on external benefits for the brand, and not as internal benefit for employees. In this regard, signing a sponsorship deal does not have primary intentions to motivate employees directly, and it is not assessed as such. Anyhow, it does have secondary motive to encourage loyalty and inspire certain proudness.

It can be said without a doubt that activating sponsorship platforms is quite extensively exploited and carefully managed area by the global and local management. This is easily noticeable even by general observation of an average consumer, and it is also perceived and felt through the behavior and daily routines of the marketing team. The impetus for this corporate strategy and corporate culture would perhaps lie in the headquarters, where the central marketing team manages one of the most valuable sponsorship properties in the world, the UEFA Champions League. Probably needless to say, this partnership is heavily leveraged by fully integrated worldwide campaign, starting from perimeter boards and other in-stadium customizations, to immense television advertising creatively associating the brand with the sponsored property. Interestingly, previously discussed impact on sales can be present and significant even in areas outside the main scope and core business of banks. Particularly, there exists a global merchandising portfolio of branded material with associated motives and logos of the UniCredit Bank and the UEFA Champions League, something that is managed centrally but utilized and monetized locally. In any case, what deserves a mention is the special brand
activation named ‘UCL Trophy Tour presented by UniCredit’, which is a pan European initiative with strong local reach and influence. In fact, last year, as they prefer to say on their website, “the most famous Trophy in the world of football has completed its annual tour, having brought fans close to greatness in the Czech Republic. The UEFA Champions League Trophy made triumphant public appearances in Prague, Liberec, and Plzen. The star power of the UEFA Champions League Trophy attracted avid football fans, the general public, and local and national media in large numbers wherever it went. From central city squares to major shopping malls, the Trophy bus brought the action and the excitement of football at its best closer to the people” (UniCredit, 2016). In addition, the article continues, “local football glory represented UEFA as Trophy Tour Ambassador in Czech Republic and Slovakia. Vladimir Smicer was UEFA Ambassador on this Trophy Tour stop. Smicer, honored many times for his achievements as a player for Liverpool, is perhaps best remembered for the long-range goal he scored during the 2005 UEFA Champions League Final”. In line with this, Mr. Polisensky (2016) concludes: “as you can see, even though we have free hands to create our own communication activations, there really isn’t need to bother, and in fact we don’t consider it”.

At the same time, there are sponsorship deals which are decided and signed locally, and are under direct management and control of the local marketing team. For example, the RunCzech Running League is pure case of partnership where the objectives and goals are set to accustom the marketing needs within the country. As a consequence, the promotional platforms, as well as the opportunities for brand and commercial activations, are developed and aligned with own creative capacity and resources. The evident outcome of these efforts is transmitted through manifold of actions. First, the marketing team shows genuine interest in and attentiveness to the event organization (position of cameras, visuals of materials), which eventually results with maximizing the brand presence on top of the standard visibility delivered by the event organizers. In connection to this, they never fail to use all promotional spaces put at disposal, even though that usually means additional human resources and investment. Second, they are sending strong CSR message to a sensitive community of people
by fundraising and devoting direct and concrete amount for purchasing a wheelchair for a less fortunate individual. Again, this is achieved by associating the brand to the values of running, where other runners are encouraged to solidarity i.e. each kilometer run be them means additional support of a good cause. Third, they distribute ice-cream, free of charge, to the wide public around the event, which is even tailor made in line with the corporate colors and identity. Hence, they aim to ease the serious image of a bank and make the brand approachable in a relaxed and festive atmosphere. Last but not least, they indeed push to involve the whole local office, or at least make everyone aware of the benefits of the partnership, both for the brand and for the employees personally. Here, they not only secure entries for those willing to run a race, but organize trainings and active teambuilding occasions for those not so much affiliated to running and sport. Taken everything into account, including insight knowledge and experience, the UniCredit Bank is among the most active partners of RunCzech in terms of brand activation. In fact, this partnership is a typical example which show that a brand might not be the biggest sponsor in terms of sponsors’ categorization and sponsorship fee, but it can compensate and achieve such an image in a relatively short time by investing efforts and resources in activation of the brand. The truth is that the marketing team is still not satisfied, this being said in positive connotation, and shows eagerness for even bigger synergy and more marketing ideas.

On the question if and how he is satisfied from the company’s marketing efforts, our respondent (2016) answers that “it would be unfair to say that I am not happy. I would have to look into small details if I would be forced to find something to remark. Anyhow, that doesn’t mean that we know or do everything perfect. For example, 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. Digital marketing is relatively new platform, and I believe there are still many untouched areas and opportunities to create and invent. In this context, we, and the market in general, could improve and work on our performance management”.
Still, whether to prefer advertising, sponsorship, or some other promotional platform, is very dependent on the company, the industry, the nature of the business, the product, and the target group. For instance, if a bank product compares to a medical product, probably the medical marketing would require more exposed CSR projects. Similarly, banks probably invest more in brand awareness than sports brands like adidas, which is then something that defines their communication mix. In any case, Mr. Polisensky believes that advertising in general is still the key communication instrument, whereas sponsoring will remain supplementary activity. He thinks that “PR and sponsorship are good and needed for company’s image, however, they have their limits. They will and should continue to be inseparable part of the communication, where advertising will keep a dominant position. Advertising platforms such as outdoor billboards or TV have some marginal impact on the image, but they are mainly product oriented” (2016). In this regard, the setup within advertising modules will shift in the future, where online platforms will continuously increase their share in the mix, television will remain big, print is almost vanishing even now, and radio is marginal.

Mattoni

Seemingly not very familiar brand globally, but Mattoni is, literally, a synonym for bottled water in the Czech Republic. The company ‘Karlovarske Mineralni Vody, a.s. (KMV)’ has wide brand portfolio of mineral waters and other bottled beverages, among which the brand of Mattoni is a clear flagship of the assortment. The organization is colossal in terms of production, logistics, and distribution network, yet it is fairly managed in family business like style. Part of the management is Mr. Postransky, marketing director of KMV, who has been with the company for over 15 years.

In order to understand better the marketing strategy of Mattoni, which will be the brand of our interest in this work, it is necessary to elaborate its position within the overall marketing concept of the company. First of all, the corporate unwritten rules say that the amount invested in marketing, for all brands in total, is being set to 10% of the total turnover of
the company. This immediately implies that the brands are not managed in silos, and the communication budget of one brand is not necessarily set based on its own sales figures. Instead, Mr. Postransky explains, “our power is in the wide portfolio of products, which not only gives us opportunity for better focused communication to target groups, but also allows us to manage our marketing budget from a more strategic perspective” (2016). Hence, the budget of Mattoni theoretically might vary from year to year. The amount is established based on feedback from the market and on internal analysis and strategies that dictate which of the brands needs support and stimulus the most. In line with this, it is important to understand the so called ‘need scope’ of the consumers’ profiles i.e. what type of needs the brand aims to satisfy. Resolutely, the ‘just to drink’ consumers is willingly left out of scope of KMV interest in general. Mattoni epitomizes social status, representing those who want to be noticed. Magnesia symbolizes health, both in terms of natural composition and social attitude. Aquila implies comfort, giving a sense of security and confidence. Podebradka pursues happiness for being alive and seeks adrenalin, encouraging those who want to try something new, such as flavored taste. Dobra Voda satisfies family needs, expressing attributes associated to its positive values.

Only after knowing the above, one is ready to decide on budget allocation for each brand, carefully aligning the span of communication investment and reach in order not to cannibalize the rest of the portfolio. For the brand of Mattoni, the company invests in 2016 around 1/3 of the total communication budget. Out of this, 50% is being spent on advertising i.e. ATL communication, 35% is spent on sponsorships which is perceived as BTL activity, and 15% is the cost for marketing researches, agencies, production, etc. Talking about sponsorship, Mattoni is proudly associating the name as Title or General Partner of the ‘Cesky Slavik’ and ‘Cocktail Festival’ cultural events, and with the ‘RunCzech Running League’ and the ‘National Basketball League’ sport events. Here, there are two curiosities worth mentioning. First, the cocktail festival is an event which is under direct organization of the company itself, whereas the rest are classical partnership deals where Mattoni supports the organizing committees.
Second, a question was asked if the respondent is not by any chance forgetting to include the Film Festival in the city of Karlovy Vary, the true home and the heart of the company and the spring where the water is bottled from. On this, Mr. Postransky (2016) answers: “you are right. This is in fact our cheapest promotion. It costs us zero Czech crowns. You see, you and many others strongly and convincingly link Mattoni with the festival even though we don’t have any relations whatsoever with the event. Even more, there is actually our competitor brand that is sponsoring the festival.” On the additional question how is this possible i.e. what is the reason for this phenomenon, he adds: “for me, the secret lies in the fact that we continuously support sport and cultural events, and this goes on for many years. Hence, we build the image of the brand on long term basis telling to people that where there is life, there is Mattoni.”

Coming back to the budget structure and the reasons behind such allocation, the respondent reminds that nothing is predetermined and it’s subject to reconsideration every year. The initial catalyst is the brand strategy and the attention to keep the communication aligned with the long term goals of the company. However, this strategy is influenced by elements such as market situation, development of technologies, and change in needs and preferences of the customers. Indeed, these elements are truly variable, and the strategy must always be adjusted to remain in line with the brand positioning. The bottom-line for Mr. Postransky is continuity, which bring fruits on long term basis. In more practical terms, the company believes that ATL is a must, simply in order to keep the share of voice. Similarly, sponsorship is necessary to adopt the values the brand needs. For example, sponsoring the Prague Marathon is not only about the values of sport anymore, but the expectations are adjusted to the fact that the event is now perceived as a synonym for quality lifestyle, trend, and social status.

When it comes to expectations, the company has developed in its DNA quite profound philosophy on the subject of sponsorship, which is actually reflected in its overall ATL and BTL communication. Mr. Postransky (2016) elaborates: “the fact that we support an event or a cause is a message that we give something back to our customers. They are loyal to us, and we
are giving them in return something they love and enjoy. This is our way to show appreciation and to say thank you. You can claim this to be a typical CSR, but for us it has much larger impact and social purpose of the brand. Mattoni means healthy modern hydration; this is why the brand exists. We want people to drink healthy and to live a healthy live. Of course, this is then expected to bring success and satisfy the strategies or the ROI. Observing from this more business oriented point of view, we look at this process as a circle where the most important factor for us is the conversion. In other words, you buy our product, we say thank you in one way or another, and as a result you buy it again.”

Some other typical marketing expectations are again perceived from a rather philosophical aspect. For example, brand awareness is extremely high, and if they suddenly stop investing in it, probably there won’t be any short term impact on the brand. Nevertheless, if this approach goes on for a longer period, people will forget why they love the brand and why they keep buying Mattoni. Even though not a crucial factor, sponsoring is also a helpful tool to spread this philosophy among the employees, which then brings along other pleasant benefits for them and for business partners.

Brand activation is something that the company perceives as a ‘common sense’ i.e. to a point where Mr. Postransky didn’t feel a special need to elaborate it too much in details. “In cooperation with RunCzech we build a project called ‘Mattoni Free Run’, where we set over one hundred 5km running courses in parks all over the country. Each course has a Mattoni coach ambassador who is representing a running group and motivating people to join. Runners find each other on a specially developed mobile app and through other viral platforms. Similar projects are developed with our other sponsored properties. For example, with ‘Cesky Slavik’ we are looking for young talented singers” (2016). In order for the brand activation, perceived as BTL activity, to function and to be successful, there should be an integration with ATL communication. Indeed, the company dedicates a portion of its media plan for these types of projects, which deserve themselves to have an independent line in the budget.
More challenging topic to speak about is commercial activation, especially in association with sponsorship and supported events. Among others, there are two main reasons. First, and as we explained earlier, sponsored events are not even expected to deliver direct financial returns; instead, they have deeper philosophical background. Second, even if they were required to show direct return on investment, this would be extremely difficult or basically impossible to fulfill. What might be bit less complicated is to anticipate and measure the media value of the sponsored properties, at least in terms of the type of promotion and visibility that is classified as ATL. Another circumstance that could make it somewhat easier to measure is when a new product is launched, where all the factors are starting without previous influence or brand knowledge. Nevertheless, this is still far from accurate and reliable feedback based on which one can depend its strategy upon.

“Many companies reflect their satisfaction from a communication campaign based on direct and immediate conversion on sales. Simply, I invested something, I sold this much, it paid or didn’t pay off. For Mattoni, it is important to work on direct connection of the brand with some emotional experience. For us, it is not enough people only to know that Mattoni is the title sponsor of the event. We want the customer to think of Mattoni in a way ‘I needed water, and Mattoni was there for me’. This is what we aim to achieve” (Postransky, 2016). For what regards advertising, the everlasting topic seems to be measuring the effectiveness. However, they pursue to have a good integration and synergy between ATL and BTL, and as long as they work well together, they are quite happy.

Professionally speaking, our respondent believes in the model of combination. This arrangement achieves powerful effect and emotional experience delivered by BTL actions, and fast penetration of the communication message among the public conveyed by ATL campaigns. Personally, Mr. Postransky prefers direct contact with the consumer and occasions for personal interaction with the target groups. In both cases, he would find it helpful if the future brings better ways and methods to connect an activity with sales i.e. to be able to see a conversion link between the two. Indeed, the company already recognizes certain existing mechanisms
that fairly enable such inputs from the market, mostly in online campaigns where, for example, sales are directly linked to clicks to online stores like itesco.cz or rohlik.cz. In this sense, our respondent sees a bright future in online and especially social media, and he has a very nice example and relevant experience to make a comparison. “Nowadays, companies invest large sums in branded content. Even ourselves, we are producing the cocktail festival which is a significant marketing investment. This might seem as a trend and future tendency, but watch out, this is nothing new anymore, and this kind of events might show very unfavorable cost effectiveness ratio. Companies should make analysis how much they spend on it, and how much they get back in terms of sales, clients, followers, likes, or whatever their priority is. Not to mention that it is very easy those efforts to be perceived as spam and begin to have a counter effect. Instead, take a look on the so called ‘youtubers’, where practically zero investment could bring huge amount of followers and views. Watch out on these trends, this is my suggestion”, Mr. Postransky concludes the interview.

**Danone Actimel**

The publicly listed company Danone competes on the global market, mainly in the category of fresh dairy products. In the Czech Republic, the company has six brands within this category that aim to satisfy consumers’ needs and win bigger market share for the company. Each of the brands intends to address the market with its own message and this is being symbolically conveyed through the following slogans:

- **Activia**: caress for your tummy;
- **Danone**: joy of taste, joy of life;
- **Actimel**: take care of you and your immune system for the new day;
- **Kostici**: your favorite snack with a gift waiting under the top cover;
- **Fantasia**: taste a moment for yourself;
- **Danette**: delicious desert with a drop of cream.
The above mentioned Danone, as a stand-alone brand representing a product and not a corporation, seems to disappear from the portfolio. In fact, our respondent quickly mentioned it through with the comment ‘not anymore’, and the company’s web reaffirmed there are basically only two flavored products representing this assortment.

Indeed, our point of interest is the Actimel brand, which enjoys immense popularity in the country. This brand’s communication budget is not decided on a local level, nevertheless there is a certain pattern that is followed by and explained by the brand manager of Actimel, Lenka Sisova. “Danone company has quite big communication budget, which is split to its brands based on net sales, but also based on profitability and strategic role of the global brand. For example, Activia is the biggest and it’s most supported. Fantasia has more sales than Actimel, but it’s less supported. Danette is considered smaller, but even it sells in bigger volume, it is less supported. Kostici might be on par with Actimel in terms of sales, but it’s less supported” (2016).

Focusing on the Actimel brand, the general split of its budget would range to more than 90% for advertising, and less than 10% for sponsorship. However, this allocation might be deceiving due to several aspects. First, the advertising itself is claimed to be shared between 60% of ATL and 40% of BTL, whereas it is sometimes difficult to position the nature of some BTL actions. On the other hand, what should appear to be typical sponsorship the company perceives as partnership, as it is the situation with their cooperation with the Prague International Marathon. In this case, they base their brand presence at the event through sampling and activation, disregarding typical visibility of logo. As we will understand later on, there is deeper strategic approach to support those budget allocations and corporate perception of advertising and sponsorship.

The percentage split between advertising and sponsorship, expectedly, didn’t come before few strategic decisions were made. Before else, they reconfirmed their target groups and reshaped their goals. In fact, Actimel is pursuing the trust of mothers with children (families), active adults, and also seniors. “the brand especially is looking for active adults
because we know that Actimel stopped being useful for them i.e. we lost the brand emotion. But the company strongly believed they are still the main target group and there is a big unexploited potential. So our main efforts now are ‘to reconnect’ with our core consumers” (Sisova, 2016). As we can imagine, the reconnecting process might be a big and costly challenge, which should explain the reason why Actimel might be small brand in terms of sales and volume, but at the same time enjoys larger communication support and budget in comparison with the rest of the brand portfolio.

So, the main question is ‘how to reconnect?’ In order to answer this dilemma, the company started to look into and analyze people’s lifestyles, where they tried to identify and understand how much and in what way are people active. Then, they established the need to recognize the most efficient media channels. In this sense, they were careful not to interpret wrongly what the brand needs. As our respondent elaborates (2016), “our brand awareness is very high with 83% of people knowing it. Even more, we know very well and we are comfortable with the top quality image of Actimel. However, only 63% of those who know the brand consider trying Actimel, and this was something we had to work on”. In line with this, they perceive media channels as ‘touch points’ where the main goal is not to build brand awareness with heavy media campaigns, but rather to enable people to try the product and have personal contact with it. In this strategy, the main drivers are ‘emotions’ and ‘engagement’. Hence, the communication budget shaped its form as a combination of ATL campaigns mainly on television (as an ongoing long term support of the brand awareness), and more importantly BTL activities that engage sampling experiences and sponsorship.

It is pleasant to learn how their ‘touch points’ are sometimes identified in non-expected untraditional places, which not only achieves the effect to simply distribute the product and make people try it, but further accomplishes to create emotional engagement and positive experience with the brand. For instance, the Actimel promotional team is present in ski resorts or entrepreneurial conferences which are full of people of active age and lifestyle. Furthermore, their partnership with the marathon in Prague and the RunCzech Running League brings them
thousands of people at the same place willing to participate and open to accept brand messages and product experiences.

In all these occasions, a touch of marketing creativity adds to the positive and memorable experience with the brand. This answers the question of whether and how the company is activating and leveraging on its sponsorship and BTL investments. Concretely, part of their promotional action is building an ‘Actimel Relax Zone’ which associates the consumption of the product with a moment of relaxation and recharging oneself with energy. Within a running event, for instance, the activation is tailor made to the needs of a runner who is experiencing crisis during the race. As a result, the touch point is customized as ‘Actimel Crisis Point’ through which the brand helps active people to overcome their personal challenge. In this case, even if the product is not directly sampled to the consumer at that moment, it still builds a personal relationship with a target market and encourages a consideration and reminder to try Actimel later on.

Advertising and sponsorship efforts are integrated in terms of timing and creativity. For example, the company is reinforcing its traditional ATL campaigns in April and May, purposely to strengthen the brand presence in the months of the sponsored running events. In addition, their ATL message of ‘stay strong’ is tailored to an association with an actual circumstance or an event where people experience a need to overcome a challenge. In this regard, a digital screen strategically positioned nearby a bridge which often causes traffic jams spreads a message to drivers to ‘stay strong in driving’. Similarly, on the lovers’ day of May 1\textsuperscript{st}, another screen gives a message to ‘stay strong in love’. In the same way, on May 8\textsuperscript{th}, the day of the marathon, screens in metro stations show the ‘stay strong’ slogan accompanied with a picture of a running woman.

Even though the company undertakes several methods to measure the return on their communication investment, they still remain with the claim that measuring is simply ‘difficult’. The main technique used is calculating the ‘cost per contact’ where, in relation to sponsorship, they take into consideration the amount they spend for agencies, for production, or for fees
paid to the sponsored property. The outcome could show an amount of up to 100 CZK investment per person, which would be acceptable, but it is required that this person not only tries the product, but visits the relax zone, take a picture, stops by at the crisis point, or otherwise actively participate and is engaged. In regards to this, there is one rule that there must exist some kind of challenging moment that Actimel supports such as the crisis while running or the long queues in the traffic. Hence, the company is using agencies to further carry out a quality measurement which is done quarterly. In this process, a panel of people is assembled and qualitative questions are asked, such as ‘did you participate in the Actimel activity?’, ‘how did you like it?’, ‘how did you feel about it?’, etc. These measurement efforts represent another area where advertising and sponsorship could be compared. In fact, advertising campaign are evaluated by the same ‘cost per contact’ criteria. Even though the cost itself is lower in this case, it is important to state that also the quality of people’s engagement is lower. Therefore, it can be intuitively claimed that the company rather aims to achieve desirable return on objectives (ROO) instead of the classical return on investment (ROI), as the latter one is linked only to sales and the company measures other factors too.

Touching upon the question of perceived benefits and drawbacks from the two promotional tools, including personal preferences and opinions, Ms. Sisova elaborates the following: “if you are to make an investment in sponsorship, then you must study and select very carefully what you do and how you spend the budget. Truly, I am quite happy and I like what we did and how we approached our sponsorship activities. In this regard, sponsorship can be a very good solution for bringing the brand closer to the target group, and it can provide strong experience with the brand. It is true that the cost per contact can be high, especially in comparison with advertising, but my opinion is that it still pays back overall as that contact is of high quality. On the other hand, traditional advertising seems to be better option for winning quick brand awareness, but my feeling is that it is losing relevance. Less people watch TV and care about what commercials have to say. Nevertheless, the cost per contact is simply lower, and that can be sometimes useful. At the end of the day, both tools have their roles, and the
key is to work with them smartly and based on strategy. For example, 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”. In continuation, the respondent reaffirms that a mix of communication tools is the best way to reach desirable outcomes. Moreover, for the time being the established split of the budget with 90% for advertising and 10% for sponsorship seems just fine. Nevertheless, it is already clear for the company that in the future they will invest in different ‘touch points’ i.e. less TV and more digital.

As a conclusion, Ms. Sisova gives a suggestion addressed to owners of sponsored properties: “properties must work closely with sponsors to find and propose something unique for each partner. Because sometimes there can be many partners in one place, they must be careful not to overlap in their activities, otherwise people will be less appreciative and bored”.

Birell

The brand of Birell might not resonate strongly in the ears of people living outside the Czech Republic, but it is certainly a ‘top of mind’ recall and first option for non-alcoholic beer in the country. Furthermore, the brand belongs to the portfolio of Pilsner Urquell, which without a doubt claims its leading global position and is one of the most recognized beer brands in the world.

Marek Grabovsky (2016), the brand manager of Birell, starts the interview by explaining his role in the creation and allocation of the communication budget. “In big corporations, in general, the marketing and communication budget usually represents certain percentage of the total revenues, i.e. a percentage of what the brand earned last year. In any case, each company further adopts its own processes and factors for complete decision making, thus the percentage can sometimes vary. For example, in our case, my communication budget is around 5% of the total revenues, which by the way, account to tens of millions of Czech crowns. Nevertheless, this amount could easily move upwards or downwards each year as I have to justify and defend communication strategies, ideas, and projects. If you come with an idea that would better fulfill
the goals, the company is open to support it. For instance, this year I managed to obtain additional one million Czech crowns for a charity project called ‘the Unstoppable’”. In practice, the brand manager firstly creates a brand communication plan. Then, the plan is aligned with other departments in order to coordinate the activities and make sure the plan aims for achieving common goals. At the end, the plan is presented and consequently approved by a higher management consisting of general manager, chief financial officer, sales manager, trade manager, etc. At this point, it is important to differentiate the ‘trade’ department from the marketing department, which work very closely and touch upon similar communication platforms, but are still considered as separate units with own budgets and projects. Indeed, the ‘trade’ department is oriented more towards in-store promo actions for consumers such as ‘buy 10 Birell cans and you will get a cap for free’.

When it comes to budget share between advertising and sponsorship, Birell has somewhat unique approach and practices. First of all, the exact split is not preordained and strictly regulated, nor they see the need to keep rigorous track of where exactly a communication platform belongs. In general, they perceive a basic division between ATL activities, which accounts to 60-70% of the budget, and BTL activities, which covers the rest 30-40%. A prove that this percentage share cannot be taken for granted are some exceptional years where, for example, a package is redesigned, which would require extra ATL campaign and support. In addition, they find it difficult to define and decide where to fit certain digital campaigns that contain elements of various promotional channels.

If they would have to declare a concrete budget allocation of their ATL efforts, they would probably go with the following statement: 70-80% goes to TV, about 20% goes to online, roughly 10% is invested in print media, and radio is not used. This amount incorporates various agency fees necessary to develop the campaigns. However, they prefer to observe their communication efforts from completely another perspective. Namely, their corporate vocabulary contains the term of ‘activation pillars’, which can sums up to 70% of their budget, and which would extend to a point to include a true mixture of television campaign,
sponsorship activities, or produced material. Furthermore, they are keen to speak of campaigns as of ‘Birell active refreshment’ platforms, which might also involve both sponsorship and advertising, and which might even extend to purely commercial actions that could amount up to 30% of the investment. Next, there even exists another internal model of how to divide the budget, that is ‘working’ or ‘non-working’ budget. The first one is associated with spending for brand activation. The latter would be devoted, for example, for sponsorship fee paid to become a sponsor and get access to a sponsored property, or to print materials and packages. Even this model of budget allocation can raise questions as the sponsorship fee, for instance, can automatically guarantee explicit promotion and visibility of the brand, and hence can fulfill the goals of the ‘working’ budget.

As mentioned earlier, the communication budget is approved based on a plan that needs to be justified and defended. In fact, this is the main criteria according to which the company decides whether to invest more in advertising or in sponsorship. In this process, the top management firmly requires strong coordination and integration between departments. Truly, they even have established a practice of an Integrated Annual Planning (IAP), which is starting and finishing point to a successful completion of budgets allocation and planning. As a general rule of thumbs that is functioning in reality, is the agreement to reinvest 70% of the budget in what proved to be a success, another 20% in improving and refreshing the existing efforts, and 10% in supporting completely new projects and ideas.

Integral part of the plan is a set of goals to be achieved, which are directed towards and aligned with the long term goals of the brand, among which, for example, is Birell to be considered as the best refreshment after a sport activity. The types of goals that go in this direction are questions such as ‘reach – how many people will I speak to and influence?’, ‘execution – how will I do it?’, ‘efficiency – how much will it cost me?’. As a consequence, the key performance indicators (KPI’s) would derive from this area and strategic positioning. In addition, “the mental panel doesn’t end only with achieving brand awareness and image as best refreshment after sports i.e. how many people know that we exist, but also how many
consider to try the product, and how many actually try and use it, which summarizes the process with an understanding of the conversion rate” (Grabovsky, 2016). This process is practically used as a criteria for hiring, engaging, and awarding agencies involved in the whole communication scheme. The agencies first receive and introductory brief which explains what the company wants to achieve and, in some cases, what is the budget available. Based on the brief, agencies deliver or receive projects and ideas according to which they calculate their scope of work. The common practice for the company is that 80% of the agency fees are fixed, whereas 20% are awarded as bonuses or success fees. In this regard, the company has established a ‘threshold’ limit that needs to accomplish at least 90% of the agreed, a ‘target’ limit which equalized to 100%, and an ‘outstanding’ limit in case of over performing with at least 110% success. At the end, different post analyses determine the overall success of the campaign and the performance of the agencies. In fact, the company puts a lot of attention and importance to these analyses, which is evident by the fact that few media agencies are hired for this reason and even whole ‘inside department’ is fully devoted to this purpose.

The company’s expectations from its sponsorship deals is, above all, associated with the credibility of the product. As Mr. Grabovsky (2016) explains: “if I want to communicate a brand message to a community of people with an active lifestyle, then this must be natural and relevant; this is why we are present at running and cycling events. Moreover, we choose those events as they enable us to directly meet large number of targeted group at the same place and time, which helps us to have more favorable ‘cost per contact’ feedback. What we expect there is mainly perfect execution of the agreed, efforts to deliver something on top, and willingness to implement new ideas and innovations. Amount of sampled products on spot is important, but we don’t go crazy about it, and I can think of three reasons why. First, we sample not only to direct participants, but also to spectators and fans, which makes it difficult then to link the amount sampled to the event. Second, circumstances like rainy or sunny weather might influence the sampling, and it is not fair to judge the event if you don’t take into consideration such conditions. Third, and as a consequence, agencies are assigned to distribute the products
and asked to measure the sampling in overall terms per year, not per event. What we don’t expect from and measure at these events is direct sales. On the other hand, this element is important for us and we require it at sponsored festivals, for instance”. For what regards perceived benefits for employees from a sponsorship deal, the company admits it doesn’t see it as crucial factor in the decision making. However, it does take the opportunity to develop a meaningful activity that involves the team. In fact, the employees even voluntarily purchase a registration to a sponsored event as part of their internal campaign to support a good cause by fundraising for a wheelchair. At the same time, the complementary entries they are entitled to, are devoted to business partners and consumers.

In terms of sponsorship activation and integration with advertising campaigns, the company again points out the importance and the relevance of their way of observation and strong coordination of the ‘activation pillars’. First of all, they identify four sponsored events that fulfill the criteria of big enough and credible. Those are the RunCzech Running League, the Kolo pro Zivot cycling series, the Night Run, and the Mountain Bike World Championships, and these are the properties where Birell enters as a Title Partner or one of the main partners of the event. Just for information and complete understanding, Birell further supports around 70 other events, which are of lesser extend and can be classified as partially marketing and partially pure commercial deals. The four main sponsored properties are approached with a common strategic goal, which then mirrors common and associated brand activation projects and ideas. Understandably, each event is characterized with its own identity and opportunities, which brings the necessity to customize some of the actions. For instance, RunCzech events have Birell branded music points along the course, which are kind of a tradition and relevant for long distance races. At the same time, and what is more important, Birell develops projects that nicely fit and are applicable to all four big events they sponsor. One basic establishment that connects all of them are the Birell promo zones, which realizes the strategic goal to sample the product as much as possible and give a chance to people to try it in moments when they need it the most. More sophisticated concept is the earlier mentioned project ‘the Unstoppable’ which
conveys the Corporate Social Responsibility (CSR) of the brand, and at the same time creates a meaningful message which is worth for strong ATL communication. In this way, the sponsored properties are directly linked to advertising campaigns, which is a great example for mutual leverage and integration of two promotional tools.

The company seems to consider the measurement of its marketing efforts as very important and relevant. This is reaffirmed by the fact that there exists a whole centralized ‘inside’ department, which is fully devoted to marketing research and big data analysis, and it is in position to influence the processes of other departments. In any case, the classical Return on Investment (ROI) is a main indicator for the success of the trade department, but not for the brand communication of Birell. “My job is done when I fulfill the goals we’ve established at the beginning. And as we saw, those are not necessarily linked to direct sales. If I have to simplify, my efforts are to achieve maximum reach with most favorable investment, whereas by reach I have in mind not only brand awareness, but the opportunity for the product to be tasted and used” (Grabovsky, 2016). Looking at the more complex picture, this inside department performs a large operation of ‘tracking’ and other qualitative researches that touch upon questions such as whether the consumers like the package, if they like the taste, would they consider purchasing it, and others. In addition, they undertake and follow post buy analysis which gives them an answer on affinity, satisfaction, and repurchase.

At the end, our respondent shares some of his own views on future trends as well as suggestions and personal likings. “First of all, I feel privileged and happy that I can work with the whole communication mix. Not all companies have the budget that allows them to develop strong ATL and BTL campaigns. Therefore, I suggest that if brands have the resources to use all platforms, then they should use them. Moreover, if I give 1 Czech crown for sponsorship, I would be happy to give five times more for activating that sponsorship. At this moment that ratio is 50-50 which is the reality and it is still good. At the same time, I find it very important to control what you do. Sometimes I feel we do so many things that is very easy to lose focus. For what regards the future, I would certainly bet on digital marketing. Moreover, I see a space
where traditional media such as TV can work together with digital platforms. For instance, what I will see on TV, it will synchronize on my iPad with a tailor made offer for me. Maybe I will be even able to feel the product by using virtual reality. Looking from a different angle, I also like how some brands come back to simplicity. For example, an iron simply irons, a mixer simply mixes. So, my keywords would be: simple, understandable, creative” (Grabovsky, 2016).

**dm drogerie markt (dm)**

Ms. Martina Horka is loyal to the company for almost twenty years, and currently holds the position of ‘procurator’. This position, which is distinctive in the Austrian and German tradition, puts her on a senior level manager authorized to participate in decision making and to make commitments on behalf of the organization.

The very first impression and feedback received is that she doesn’t perceive and use the classical terminology of advertising and sponsorship. Instead, when asked to explain the breakdown of the company’s communication budget, she elaborated the following: “yes, we are doing classical advertising on television or radio, and this amounts to 40% of our budget. But then, very important branch for us is what we call ‘dialogue marketing’ which makes other 40% of our investment. Here belong things such as our consumers loyalty card or our strong database of contacts. In fact, we developed a sophisticated dialogue program which spans on several levels and includes various actions. We further invest 10% in digital media. Finally, we spend the last 10% for PR activities” (Horka, 2016). This percentage split is not enforced as part of predetermined strategy, nor is imposed by the headquarters in Salzburg, Austria. On the contrary, they practically develop their decisions, and they use practices from abroad only as a benchmark. Nevertheless, they are disciplined to respect certain corporate rules and traditions that define the corporate identity and the positioning of the brand. For instance, even though the company’s budget for PR activities sums up to only 10%, this area is approached with a lot of sensitivity and care. They divide those activities in internal and external part, where big role and attention is given to the Corporate Social Responsibility (CSR) segment.
As it can be noticed, sponsorship is never mentioned in their strategy and budget. In fact, the company’s claim is that they simply don’t do sponsorships per se, and this notion made them cancel the partnership with the local ice hockey team. At the same time, they do cooperate with the RunCzech Running League, which is something that could be argued that it falls into the category of a sponsorship deal. On the other hand, it is true that dm associates with the RunCzech organizers only due to the project of dm Family Runs, where the company adopts five non-competitive runs all around the country. Hence, they perceive this cooperation as a pure CSR activity through which they can approach and communicate towards their employees, business partners, and clients. “We prefer and are keen of projects that we own and we develop by ourselves. This is why for us supporting those family runs is not perceived as sponsoring, but as something that belongs to us. Moreover, we offer a portfolio of products that represent health and beauty, and the family runs are perfect match to symbolize our efforts. Even more, this is a very cost effective platform for the company” (Horka, 2016). Truly, the company creates its own projects that can’t be perceived otherwise than CSR activities. One of them is the ‘happy teeth’ (or ‘vesely zubky’ in original language), through which, for 6th year in a row, they educate pupils in elementary schools how to clean their teeth in a proper way. Another one is the ‘more from life’ project (or ‘vice ze zivota’ in original language), where employees are released from the office for one working day in the year in order to help and support a good cause. Last but not least, there is a project called ‘dm helps children’ (or ‘dm pomaha detem’ in original language), where the company, in cooperation with a charity organization, donates products from their portfolio.

dm drogerie markt is creating its communication budget structure based on current goals. And, as they say, the goals are certainly not to be present in the media or to achieve few seconds of TV visibility. Instead, the company’s strategic goal is to create and foster an image of a ‘good neighbor’, and to give an impression that they will be here for their clients for many years to come. Again, the goals are circling around the notion of CSR where it is not important
to measure how much they win or grow, but how much they give back to the people, and especially to the local society.

By using this logic, the company then sets its expectations from the cooperation with the organizers of the dm Family Runs. Indeed, the main thing they require is to secure and maintain a good reputation of the events, and, maybe more interestingly, to grow in terms of number of events and number of participants. Here, it is curious to notice that the company chooses to omit typical objectives and KPI’s usually linked to sponsorship cooperation where the sponsor tends to request increase of brand awareness, direct sales, and other benefits for the brand. This fact reconfirms the somewhat unique corporate culture and perception of a sponsorship deal, if we are allowed to classify it as such in this case. The expectations from the other communication efforts could be defined as more or less predictable in terms of building or maintaining high brand awareness and spreading the message of a ‘good neighbor’. In any case, Ms. Horka (2016) acknowledges that traditional way of doing things is just not enough anymore: “being on TV and sending fliers to the households is still quite successful but it doesn’t complete the whole picture. Online marketing is nice but it makes sense only if there is an e-shop. Moreover, in our case, whatever we decide to do, it must actively involve our employees and win their acceptance”.

Since the company doesn’t have typical sponsorship deals, the question of activation and leverage seems to be less relevant and practicable. Nevertheless, the one remotely entitled partnership within the dm Family Runs proves to be well activated and utilized. Namely, the dm stores adjusted their loyalty card processes to be compatible with registration for the family runs, i.e. customers can substitute their awarded points for a free or discounted participation in the dm event. This action naturally entails the need to include the events in the communication of dm, especially in those 40% of the ‘dialogue marketing’ budget, which gives a pleasant endorsement and media value of the event organizers. As a results, an invitation to the dm runs is incorporated in the printed material sent by post, in the newsletters to the database of clients, and in other channels. In addition, the brand message used to interact with the
customers through a ‘dialogue’ is directly or indirectly conveyed through more traditional communication efforts and channels such as television, radio, or print. Hence, it can be implied that sponsorship, in form of family runs, and advertising, in form of ATL campaigns, are truly integrated and combined.

As mentioned before, the success of the CSR strategy is something that one cannot measure, and the company doesn’t even have the ambition to do it. For what regards measuring of more traditional communication platforms, they use standard measurement processes that describe the classic media indicators. At the same time, the company undertakes more qualitative research in order to measure the image of the brand, again, based on classic media indicators. In any case, the feeling is that our respondent rather prefers to speak about unmeasurable benefits for the brand, which once again depicts the corporate culture and tradition. In this sense, Ms. Horka explains that they ‘measure’ their success according to the ‘applauses from the customers’, which later translates the success in terms of profit.

The company, and our respondent in particular, are quite happy with their communication efforts. When it comes to their partnership with RunCzech, they indeed work to prolong the contract for multiple years in the future. At the same time, they would push to see more events and more places added to the family runs portfolio. Furthermore, Ms. Horka tends not to directly compare the success of their advertising and sponsorship campaigns, in relation to the investment made for those two promotional tools. She perceives these two items as linearly incomparable, same as she thinks it’s impossible to choose one over another. “It all depends on your current goals, and what is your current problem to be solved. At one moment the challenge might be the brand awareness, at another something else. In my 19 years in the company I’ve seen it all, and each year is different” (Horka, 2016).

At the end, our respondent shares her personal feelings and opinions: “there are things that can be generalized for all companies and brands. However, there are many things that are customized depending on the industry you are operating in. In this regard, if you decide to sponsor something or someone, it is important that the brand is naturally and genuinely linked
to the sponsored property. For example, a sportsman shouldn’t promote an unhealthy product, or a product that has nothing to do with his or her natural area of functioning. And I see few cases like this in the country. Moreover, I believe public companies should not spend public funds for sponsoring practically anyone or anything. This only shows their impudence, and eventually doesn’t really help the brand in the way it should. Therefore, to conclude, I think it is important for one to carefully think which are the right goals, and then even more carefully to think which is the right communication mix” (Horka, 2016).
CHAPTER V

Discussion and recommendations

This chapter reviews the results gathered from the process of data collection. The main focus is to comment on the phase 2, where primary data is collected from the market and up-to-date real life practices and experiences. The secondary data coming from scholarly sources, obtained in the phase 1, is commented and used as a counter balance that will either challenge or fortify a theory or academic statements.

Coming back to the original notion and motivation to write this work, at this point we can reestablish the claim that there are real and concrete challenges in the marketing area that both academic workers and companies’ managers are facing on daily basis. The nature of these challenges lies in the fact that companies undertake significant investments as part of their marketing budgets in an attempt to promote their brands and products in the most effective way, whereas at the same time 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. In particular, the idea was to compare, arguably, the two most dynamic and controversial tools of the communication mix, advertising and sponsorship, whereas the sponsorship is to be fairly focused on sport.

Hence, we derived to the general aim of the thesis, which is to theoretically and practically compare the benefits and drawbacks of the two marketing platforms aspired to achieve given corporate goals, which should then help decision makers in their everyday challenges. For this reasons, the work aims to answer the following 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?
Findings and recommendations

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.

Hence, 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 with key takeaways from each interview. The idea is to present a mental map 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 are 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 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 advertising and sponsorship 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.

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<td>Volkswagen</td>
<td>Fully disclosed</td>
<td>Ad: 90%</td>
<td>Almost free</td>
<td>Sympathy, loyalty, sales</td>
<td>Rather important</td>
<td>Very much yes</td>
<td>Combine</td>
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<td>adidas</td>
<td>Rather confidential</td>
<td>Ad: 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</td>
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<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>Activate</td>
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<td>UniCredit</td>
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<td>Ad: 50%</td>
<td>They are central</td>
<td>Quantity and quality criteria</td>
<td>Yes, each campaign separate</td>
<td>Very much yes</td>
<td>Explore</td>
<td>Be creative</td>
</tr>
<tr>
<td></td>
<td>Spon: 35%</td>
<td></td>
<td>office</td>
<td></td>
<td></td>
<td></td>
<td>digital</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other: 15%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mattoni</td>
<td>Only in percentage</td>
<td>Ad: 50%</td>
<td>Conversion circle</td>
<td>Yes, classic approach</td>
<td>Yes, common sense</td>
<td>Direct contact</td>
<td></td>
<td>Continuity</td>
</tr>
<tr>
<td></td>
<td>Spon: 35%</td>
<td></td>
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</tr>
<tr>
<td>Actimel</td>
<td>Confidential</td>
<td>Ad: 90%</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,</td>
<td>Create touch points</td>
</tr>
<tr>
<td></td>
<td>Spon: 10%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>digital</td>
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<td></td>
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</tr>
<tr>
<td>Birell</td>
<td>Rather confidential</td>
<td>Ad: 70%</td>
<td>Reasonable, encouraging</td>
<td>Reach and sample</td>
<td>Strong, very important</td>
<td>Yes, very advanced</td>
<td>Full mix,</td>
<td>Simple, clear, creative</td>
</tr>
<tr>
<td></td>
<td>Spon: 30%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>use it all</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>dm</td>
<td>Rather confidential</td>
<td>Ad: 40+10</td>
<td>No, only as</td>
<td>Applause from customers</td>
<td>Not important for CSR</td>
<td>Only as a project</td>
<td>Linked to</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Spec: 40%</td>
<td></td>
<td>benchmark</td>
<td></td>
<td></td>
<td></td>
<td>industry</td>
<td></td>
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<tr>
<td></td>
<td>PR: 10%</td>
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As mentioned earlier, this graphic interpretation doesn’t intend to represent a definite formula or algorithm of respondents’ behaviors, nor to give a final answer of the scientific questions raised in this work. Instead, it aims to assist the flow of analytical thinking by offering a comfortable mental map which gives a compact overview of the results. In business terms, this attempt could be perceived as ‘executive summary’, which should be useful, especially because this work is aimed for marketing and brand managers as focus groups.

Nevertheless, we can start with discussing and commenting the matrix of circumstances and opinions. 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.

**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 include the word ‘rather’ in explaining the budget strategy.

- **Recommendation:** take the example of Volkswagen; feel comfortable and proud to disclose your communication budget, at least for academic purposes and to your close business partners. Bring this topic up to the top management and, if relevant, even to the headquarters. In case there is a corporate rule against it, challenge it and ask for justification. You have 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 your brand to ostensibly and artificially win favorable PR points, but it could genuinely help your decision making process and give you competitive advantage.

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.

- **Recommendation:** don’t limit yourself with conventional models of budget allocation. Think out of the box and try to understand the tailored needs of your brand, your customers, and your industry. Create your own cluster of activities that best fulfill your 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.
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.

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.

- Recommendation: 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 headquarter to find a way to establish rules for budget allocations that will be encouraging for the multiple-level management.
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 a 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 an 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 a 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.

• **Recommendation**: 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 a 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, 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). Hence, 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.

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 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. Hence, the challenge seems to be how to give a comfortable strategic and scientific touch of actions that are impossible to measure.

- **Recommendation:** managers implicitly think about two options how to approach this challenge. The first one would be more simple 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. don’t 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 section 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.

Activate

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.

- **Recommendation:** 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.

**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.

- **Recommendation:** 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, that it should do so for sure. In fact, managers should feel privileged if they are in position to explore the full communication mix.

**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 link 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 kind 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.

- **Recommendation:** 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.
o Continuity i.e. you buy our product, we say thank you in one way or another, and as a result you buy it again.

o 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’.

o Make it simple, understandable, creative i.e. an iron simply irons, a mixer simply mixes.

o 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.

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 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 suggest 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.
CHAPTER VI

Conclusion

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 that 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. Hence, 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 to
allocate 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.

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Specific sources – website

Citation out of norm – Personal interviews


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STORCH, R. Consumer Country Manager CZ & SK. Johnson & Johnson s.r.o. Personal interview. Prague, 26.7.2016.
APPENDIX 1

Questionnaire
QUESTIONNAIRE REQUEST

SUBJECT: Kind request to be a respondent to a questionnaire from your area of expertise for the purpose of successful completion of a Dissertation Work of Sasho Belovski as part of his doctoral studies.

**Doctoral candidate:** Sašo Belovski

**Supervisor:** Doc. Ing. Eva Čáslavová, CSc.

**Student’s and supervisor’s workplace:** Department of Kinanthropology, Humanities, and Management of Sport, Charles University in Prague, Faculty of Physical Education and Sport

**Title of the project:**
COMPARISON OF BENEFITS AND DRAWBACKS OF SPORT SPONSORSHIP AS OPPOSED TO TRADITIONAL ADVERTISING

**Abstract**

The aim of the dissertation project is to study and compare ‘sport sponsorship’ and ‘traditional advertising’ as two promotional tools used in marketing. It will seek to understand which of these two communication tools are preferred and rather used by marketing decision makers and why, taking into account challenges such as budget limitations and/or economic crisis. The project intends to analyze their position and definition in the marketing books, also touching upon their historical roots and potential legal concerns. In addition, relevant decision makers will be approached in order to ascertain and further distinguish the appliance of sport sponsorship and advertising in real-life corporate strategies. Finally, a conclusion will be drawn summarizing the benefits and drawbacks of using one or the other marketing tool.

“I know that half of my advertising is wasted, but I don’t know which half”

*John Wanamaker, an American department store magnate*
Questionnaire

- Personal interview based on 7-10 pre prepared semi structured questions made available to the respondent in advance
- 1 to 1.30 hours long
- Names of all companies contributing: Adidas, Danone, Unilever, Pilsner Urquell, DHL, DM, Mattoni, CSA, Mars, Johnson & Johnson, UniCredit, Volkswagen

Question to be asked:

**INTRODUCTORY QUESTIONS:**

- What is your position within the company and do you have direct decision making authority over marketing budget?
- What is your total marketing budget? *(not required to answer if sensitive or not-for-disclosure)*
- Which is the percentage of your budget that you devote to advertising, sponsorship and/or other tools?
  - * advertising is understood as outdoor, print, online, TV, and radio campaigns
  - * sponsorship is understood as supporting (financially or in kind) and using the goodwill of sport or cultural events and/or individuals and celebrities
MAIN QUESTIONS:

• **Open questions** (you are invited to base your answers on your corporate analysis but also on your personal experience, professional opinion, gut feeling, and subjective decisions)

• Based on what you decided on the percentage split of your budget between advertising, sponsorship and/or other tools? *(ex: fixed budget stated in advance and then split accordingly? The split is responsive to the opportunities that come along, etc?)*

• What do you expect to get (which are the priority objectives) from your investment in advertising / sponsorship? *(ex: brand awareness, direct sales, employees’ benefits, etc)*

• How are you activating and leveraging on your advertising / sponsorship investments? *(additional efforts and investments to the initial fee paid)*

• Do you and how do you integrate / combine your advertising and sponsorship efforts? *(are any of the campaigns linked between each other in any way?)*

• How do you measure the return on your investment in advertising and sponsorship?

• How are you satisfied with advertising / sponsorship i.e. which benefits and drawbacks you see from them?

• Which is your personal preference between advertising and sponsorship?

• What would you suggest / require in order to improve the effectiveness of the advertising and sponsorship investments?

*Thank you for your participation*

**END OF QUESTIONNAIRE**