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Beyond the Game: Perceptions and Practices of Sports Sponsorship in German SMEs

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ABSTRACT

Sponsorship has evolved from short-term philanthropic activities to long-term strategic alliances involving billions of dollars of global annual spending. Sponsor, sponsee and dyadic antecedents have increased in both sophistication and complexity, resulting in expected positive consumer outcomes as the justification for such marketing communication investments. The conceptual framework model developed from this study is the first theoretical construct to provide a holistic view of the dynamics between sponsor, sponsee and consumer within a regional context forming the operating environment. This empirical study contributes to the literature through findings from German respondents and a critical evaluation of literature relating to the impact of sports sponsorship, principally on SMEs and a few large companies within local German communities.

Summary statement of contribution

No study to date has provided researchers with a framework to understand sport sponsorship from SME perspectives. This paper contributes to the theory and practice of sport sponsorship. Drawing on signalling theory and extant studies, the authors propose four categories of SME sport sponsorship activities: 1) value-based connections, 2) social engagement, 3) recognition, 4) bonding.

Key words: sport sponsorship, signalling theory, SMEs, advertising, consumer research.
Introduction

Drawing on signalling theory, this paper addresses the need for more investigation into conceptual underpinnings of sponsorships by investigating and seeking to understand sponsorship objectives, opinions, and practices, with a focus on smaller organisations. This theoretical framing begins with justification for applying signalling theory in the SME sponsorship context and considers key descriptions of major sponsorship concepts including operational focus. Next, it discusses the methodological approach. Findings confirm the abundance of sponsorship research within classical marketing theory and absence of relationship marketing theory, critically important in a small business context. This knowledge gap needs to be addressed in support of the realisation of the economic importance of SMEs.

Theoretical Background

The marketing practice of “borrowing ideas and methodologies from many disciplines is commendable and even essential” (Baron et al. 2017, p. 893). Economic and psychology theory have formed the basis of the marketing concept which has developed into a melding of multi-conceptual academic ideology based on social welfare and consumerism. The beginnings of marketing as a discipline were broad, incorporating macro- and micro-management concerns, and were not fragmented as marketing is today. The application of psychological theory explained the development of message design; message content and the stages through which consumers might pass as part of purchase behaviour. Consequently, antecedents developed by sponsors, and behaviours of potential consumers in the marketing cycle, are evident in sponsorship activities. Cognitive and social psychology have historically provided the main theoretical foundations for consumer research (Pham, 2013; Simonson et al. 2001). Postmodern approaches such as anthropology, sociology, and history have received support (Jacoby, 1998). Cram and Ng (1999) described a link between marketing, psychology,
economics, suggesting a regularity and systematic bias in people’s perceptions and reasoning. More recently, research acknowledges that social media is seen to positively influence brand equity and behaviour of consumers (Godey et al. 2016).

**Sponsorship**

Sponsorship has evolved from short-term philanthropic activities to long-term strategic alliances involving billions of dollars of annual spending globally (Hessling et al. 2018; Morgan et al. 2014; Clopton 2017). Research on sponsorship spans several disciplines including marketing and macro-marketing (Hermann et al. 2016, Jensen and Cornwell 2017); sponsorship influencing areas (Jensen and Cobbs, 2014, Johnston and Paulsen 2014, Caemmerer and Descotes 2014); advertising (Carrillat et al. 2015, Madrigal and King 2017); consumer behaviour (Finch et al. 2013, Huang and Mitchell 2014); strategy management (Cunningham et al. 2009, Plewa et al. 2015); economics (Johansson, et al. 2012, Cornwell, 2014); finance (O’Reilly and Huybers 2015, Naidenoaa et al. 2016); politics (Jacobs 2013, Horak 2013); culture (Ha et al. 2011, Cornwell 2008, Cleveland et al. 2011); social media (Godey et al. 2016).

Two criticisms are made of sponsorship research (Spais and Johnston 2014). First, researchers note the absence of a widely accepted definition of sponsorship (Amoako et al. 2012; Dolphin 2003; Walliser 2003; Olkkonen 2001). Second, the field is perceived to have a narrow perspective (Olkkonen et al. 2000). No one definition has dictated its boundaries and scholars have observed and repositioned the sponsorship concept over time. Jiffer and Roos (1999) described sponsorship as a business method for communication which has the aim of contributing to the sponsor’s brand awareness and image. Although the definition explains a planned “method” of donating resources (financial or in kind), mutually beneficial to both sponsors (donors) and sponsees (recipients), the dominant factor is consumer orientation
referring to brand awareness and positive influencers resulting in increased sales (Demir and Söderman 2015; Albert et al. 2013).

Initial attempts at defining this phenomenon focused on behavioural approaches in which attribution analysis of opinion change viewed message persuasiveness as a function of inferred communicator biases with references to “endorsers” rather than “sponsors” (Kelly 1973; Mizerski et al. 1979; Eagly et al. 1978). Definitions focused on the provision of philanthropic assistance by the sponsor to the sponsee (Meenaghan 1983) but did not specify communication objectives. Government agencies described sponsorship as having marketing and communication objectives with tax deductible expenses because of intentions to increase revenue. Sponsorship is often confused with philanthropy in literature (Milam 2013; Lee et al. 2015; Menon and Khan 2001). Bennett (1999) suggested that corporate philanthropy differs from commercial sponsorship as it involves donations made without expectation of commercial reward. This distinction is important because organisations can simply “donate” resources as an obligation to the community (Catherwood and Van Kirk 1992, Stoian and Gilman, 2017). Typically, the sport sponsee’s primary impetus is financial need, while the sponsor is endeavouring to fulfil different objectives (Irwin and Sutton 1994) including enhancement of employee relations and motivation, raising the company’s profile in the community, connecting with the target market, blocking competition, building awareness (often as a supplement to advertising campaigns), and generating incremental sales (Zinger and O’Reilly, 2010).

With growth in advertising and availability of mass media, scholars perceived advantages in escaping promotional clutter, and sponsorship providing that alternative (Oneal et al. 1987; Cook et al. 1987; Soderman and Dolles 2015). Corporate objectives and leveraging sponsor/sponsee relationships became a central focus in academic writing developing into a resource-based view (Amis et al. 1997, Wang, et al. 2016) as well as a means of persuasion.
different from traditional advertising (Crimmins and Horn, 1996). Recent studies focussed on evaluating effects of sponsorship and attempted to conceptualise an overall understanding of the phenomenon. Research has been directed towards developing and testing models whose geneses were in psychology which conceptualised the relationship between supporters’ emotional attachment, brand perception and support for brand extension (Abosag et al. 2010; Aiken et al. 2015; Alexandris et al. 2008). Branding decisions also included a strategy that communicated shared associations between sponsor and the sporting team, by applying a range of theories including conclusion explicitness, and hierarchy of effects theories (Skard and Thorbjornsen, 2017; Woisetschlager and Acurelis, 2009; Alexandris and Tsiotsou, 2012). Researchers focused on organisations’ corporate social responsibility (CSR) strategies and obligations by investigating utilisation of sport sponsorship to build CSR image effectively, examining attributes of a sports property that are most conducive to a sponsor gaining CSR image benefits (Plewa et al. 2015; Djaballah et al. 2017; Dowling et al. 2013). Development of marketing objectives was necessary to justify sponsorship investment against which metrics could be applied. This formalised the inclusion of sponsorship into corporate integrated marketing communication strategy (Greenhalgh and Greenwell, 2013; O’Reilly and Huybers, 2015). Development of a customer-centric marketing communications approach takes a starting point in the customer ecosystem (Finne and Grönroos, 2015; Lee et al. 2015), including sports viewing environments, by comparing arousal intensities of spectators at a live event with those viewing a television broadcast, their recall abilities being a major focus of research (Carrillat et al. 2015; Euchler 2017; Ourania et al. 2014).

**Signalling Theory in the Sponsorship Context**

Information asymmetry comprises recognition of an information imbalance between two or more parties and is helpful in explaining behaviours of sponsors and customers when they possess asymmetric information (Connelly et al. 2011). Having its origins in economics
research (Erdem and Swait 1998), signalling theory was originally used to justify the impact of managerial announcements on financial dimensions. In a marketing context, it has been applied to: establish the price of goods as a sign of quality (Stiglitz 1989); the link between levels of advertising, product quality, and repeat purchase behaviours (Kihlstrom and Riordan 1984); and as a basis for assessing consumer quality perceptions (Boulding and Kirmani 1993).

Dean (1999) and Walker et al. (2011) applied signalling theory in the context of sports event sponsorships where information about a product is asymmetrical between sponsor and consumer, resulting in the sponsor providing tangible information through cues (signals) to consumers in support of information evaluation processes. Signalling theory plays a key role within the sponsorship context as it provides the basis for development of successful sponsorship communication. This is consistent with the description of signalling theory by Clark et al. (2002, p. 26) who stated that it revolves around the “judicious use of signals that are consistent with attainment or possession of a particular and valued attribute that, in the absence of the signal, would be difficult to unambiguously convey”. In this context, consumers might rely on sponsorship as an informative cue that signals the robustness of a sponsored product or service quality, or reduces consumers’ information costs, or confirms the fit between sponsor and organisations via image transfer processes. Sponsorship partnerships with geographically proximate sponsors, typical of SME marketing communication activities, provide a signal to consumers of high commitment to the relationship (Jensen and Cornwell, 2018).

**Methodology and Methods**

An individual attempting “to understand a text is always projecting” with each projection, projecting a new projection before itself and this “constant process of projection constitutes the movement of understanding and interpretation” Questioning and understanding involves some notion regarding the nature of the matter or situation investigated. “When we
perceive something ... we encounter entities as beings-in-the-world with things already interpreted through a web of connected possibilities that distinct phenomenon possesses” (Howell 2013, p. 163). Phenomenological hermeneutics argues that developing understanding involves the fact of being human and that ‘understanding is interpretation’ (Ricoeur, 2003, p. 194).

How one understands perceptions of sport sponsorship is based on lived experiences, where beliefs and actions intersect and interact with values and culture. Individual understandings or interpretations regarding sponsorship inform the marketing arena that informs emerging marketing communication environments where conflicting sets of practices develop the formation and re-formation in understanding needs and wants. Through assessment and analysis of individual perspectives, phenomenological hermeneutical methodology develops a holistic view of the issues under investigation by providing a clear account of respondents’ practical and theoretical understanding of the phenomenon. Valsiner (1986) argued that “the study of individual cases has always been the major (albeit often unrecognised) strategy in the advancement of knowledge about human beings” (p. 11). Indeed, there is no structured procedure for the data collection process as it is recognised that a researcher’s perspectives transform as the research progresses. Consequently, theoretical sampling was employed to fully exploit participants’ pre-understanding, perceptions, and memory of experiences and through iterative, interactive involvement in the research process rich data and understanding were elicited.

**Data Collection and Analysis**

Theoretical sampling allows freedom in the collection of data that is theoretically relevant but, at the same time, theory generation through comparison controls the data collection process but does not hinder it. It allows each sample to build on the previous data and analysis; during the research process theoretical sampling becomes specific as the theory
emerges and evolves. Themes are developed as the research programme progresses; it is based on concerns in relation to previous data collection and analysis. Application of “theoretical control over the choice of comparison groups is more difficult than simply collecting data from a pre-planned set of groups, since choice requires continuous thought” (Glaser and Strauss, 1967, p. 52). Indeed, they considered that when one samples theoretically one progresses in an evolutionary fashion rather than through a predetermined programme.

Limited research of sport sponsorship by SMEs in Germany justified the inclusion of a balanced mix of SMEs in the sample, based on industry size (3 to 230 employees), including service and production categories, and sponsoring a variety of sports (volleyball, boxing, sailing, football, equestrianism) from start-up ventures to second-generation private companies. The sample satisfied each inclusion criterion i.e.: The respondent must be the SME decision maker regarding sponsorship; the SME must be a current sponsor of one or more sporting activities. The sample also satisfied each exclusion criterion i.e.: Not the sponsorship decision maker in the SME; Not a current sponsor of sporting activities.

Empirical data were generated through 33 in-depth interviews with SMEs. Following the 30th interview, particular words recurred and could be grouped under relevant thematic codes. The emergent themes were derived from the data (Patton, 1990) although in a broader sense than anticipated. The unit of analysis is considered the major entity being investigated. In this research, the organisational person (individual) responsible for the decision of committing the SME to a sponsorship is the unit of analysis and the preferred respondent. Satisfaction of eligibility criteria by the unit of analysis was also a requisite for participation.

The demographic characteristics of respondents consisted of 25 male participants and 8 female participants including 25 small companies between 3 and 35 employees and 8 larger companies between 36 and 230 employees. A variety of sports were included including
volleyball, soccer, boxing, swimming, handball, sailing, marathon running, cycling, athletics, American football, basketball, rugby, fishing, kayaking and wrestling.

In the semi-structured interview process, discussion often ensued which incorporated theory and initially appeared to bear little relationship to the questions asked but predictably “wandered off into associated areas of the topic” (Braun and Clarke, 2006 p.87). Data collection and analysis through theoretical sampling followed their guidelines recognising that the process is not linear, but recursive in that movement is back-and-forth throughout the phases and develops over time.

Interview transcripts were invaluable, reiterating context of discussions and descriptions used. These codes were identified and underwent change and refinement in relation to the data collection and analysis procedures. The process of data collection and analysis did not follow a logical sequence but was iterative and involved “constant checks for internal homogeneity and external heterogeneity” (Patton, 1990, p. 112). The presence of themes permitted generation of an evaluative, relevant, and valid theory (Eisenhardt, 2017) quality was strengthened by definitions and concepts. A summary of resultant themes, codes, and key words is presented in Table 1. Four major themes were identified and are discussed.

Table 1 Themes, Codes and Key Words

<table>
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<th>Definitions</th>
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<th>Key Words</th>
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<td>Values-based Connections Theory: Value</td>
<td>Values are closely held beliefs that play a major role in guiding behaviours and influencing attitudes. A key objective of sponsorship-linked marketing is to create strong and lasting values-based connections between fans, sponsees, and sponsors.</td>
<td>Proximal Value</td>
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<td>Social Engagement Theory: Social Relations</td>
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### Values-based Connections

Values-based connections are closely held beliefs that play a major role in guiding behaviour and influencing attitudes. A key objective of sponsorship-linked marketing is to create strong and lasting values-based connections between fans, sponsees and sponsors (Aiken et al. 2015). Respondents identified two key issues related to values-based connections: first, proximal value including key words of local community, region, society, and teams; second,
benefits associated with the values-based connections, including team success, passion and qualified staff. A 37-year-old electrician, founder and director of his successful SME stated:

“We sponsor two (teams) at present. One is Hansa Rostock football club; the team is in the third league and I have followed that team since I was a boy. The second is the Mecklenburg-Vorpommern football team who come first in the local league. They are a boys’ team from a sports boarding school. My son went to this school.”

This respondent perceived sponsorship as an opportunity to support a sporting team to which he had sentimental attachment; he is a second-generation avid supporter of this local team and “grooms” his son to follow the family sporting tradition. Engaging with communities is a common CSR strategy used by SMEs and is described as a concept grounded in giving back to one’s community. This assertion is justified by his sponsorship of the second team.

Sports properties located geographically close to potential consumers are perceived as more local and could exert greater influence on consumer response. A physiotherapist, founder and director of her SME practice, discussing her association with a local handball team, stated:

“We also offer trainers professional advice about motor skills of players and fitness conditioning to avoid injury. That is close to our heart because we know most trainers are simply fathers and mothers who have a trainer’s licence but lack that basic knowledge.”

This respondent is clearly community minded and operates in a public forum, the playing stadium. As part of her sponsorship arrangements, this respondent provides physiotherapy services to injured young male handball players during each game, described by her as “my clients in future”. Intriguingly, this respondent noted that client acquisition is one of the main reasons they embarked on sponsorship programmes.

A 42-year-old civil engineer described several areas of interest:
“We have always considered ourselves as a supporter, committed to kids and youth support which started with very simple things such as transport services. We provided vans so kids could get from A to B. Then we expanded to clothing, balls, etc., anything one needs. Then everything got bigger, the boys got older, became more successful over the years.”

This respondent “inherited” the sponsorship of a youth football team from his father, the previous CEO of the SME.

A software developer, who was a well-known athlete a generation ago, is a willing sponsor who attempts to develop an image for his firm in the region:

“We try to use this for our marketing objectives, create an image transfer from the clubs to the business. That applies to all our sponsorships and we want people to realise our business is committed to the people in the region. We want them to know that the company is ‘ours’. Hence the image transfer idea.”

For this respondent, creating awareness and keeping the local community involved in ownership of the business is a key driver of his sponsorship programmes. Correspondingly, a solar panel designer, a 42-year-old ambitious SME owner premised:

“You must have boys and girls that are local. It makes it easier for us to get engaged in sponsoring this club because I see the boys that have made the step into the men’s football league. That’s how I am emotionally attached, and we come from this region too; that’s the connection.”

This respondent identified “emotion”, a genuine values-based connection between himself and the local community family. These “feelings” are part of “who we are” so when the participant speaks with such feeling of “emotional attachment” that is his response to local stimuli activated by “local” attachment. This tribal consciousness and loyalty could be described in a modern regional context as a society motivated by cultural tribalism.
Consequently, the fostering of youth in local sporting teams could be perceived as behaviour appreciated by other members of the community who react by giving preferences to the sponsor.

**Social Engagement**

Social engagement is described as a structured set of relationships among admirers of a brand which allows sponsors to establish a series of links with its consumers and sponsees (Martínez-López et al. 2017). Respondents identified three key issues: segments including key words of branding and target groups; sales with key words such as bottom line, budget, cash exposure, and returns; metrics with key words including measuring, gut feel, and business plan.

The 52-year-old manager of a regional factory stated:

“It is fantastic to sponsor the local soccer and swimming clubs and so promote ourselves. We promote our good standing in the area, branding, company name, and we also do something special for local sporting teams.”

Here the sponsor developed a structured set of social relations, not with consumers but staff members and sponsees through sponsorship of local sporting activities. The respondent suggested that branding the company and not the product is invaluable for attracting qualified staff. The importance of sporting clubs in promoting business is evident with the phrase “and so promote ourselves”.

A 46-year-old web designer and aspiring politician recently acquired the services of a strategic marketing consultant to better target potential consumers and constituents. Located in a small city on the Baltic Sea coast, this respondent accentuated:
“... a more targeted use of sponsoring where we can aim at our target group in a better way to explore equestrian sports because we hope to find our target group there which earns higher salaries and we intend to advertise there.”

The social engagement of multiple parties, consumers, sponsees, local firefighters, and constituents could be very effective and certainly economical. His brand could be promoted for both business and personal reasons to his new target markets: the equestrian audience who, he suggested, earns a higher salary, his staff, the community group which he perceives as his “social responsibility”, and fire fighters who benefit from a new web design with opportunities for location-specific input. A 33-year-old, well-educated, highly motivated new car dealer whose general mantra was simply to sell his products, said:

“Returns are measured by the bottom line. We set a budget and do what is needed to achieve that. Free tickets are important for us and our staff. Not all returns are immediate so we must work for the future.”

His staff suggested sponsorship arrangements based on their following of favourite teams. The manager would approach the sponsee, discuss sponsorship arrangements, and insist on access to VIP areas as part of the negotiation. This allows staff to network with potential customers and other sponsors with whom to partner. Whilst many sponsors simply “gave” support to sponsee teams, a 61-year-old radio broadcaster was more discerning:

“Yes, it has been an objective to reduce our cash exposure and involve more of our communication possibilities to the agreement because that’s what we do best. They get so much more from us than if it was just money”

This approach to the sponsorship package was considered by the sponsor to be of far greater value to the sponsee than simply cash. He added that pre-game expert opinion and interviews as well as talk-back opportunities for the audience to make comments were valuable
to the team and for listener ratings of the broadcast station. The sponsor could provide valuable
media exposure but was less willing to provide cash because he lost control over how his money
was spent. By providing “in kind” sponsorship support, the element of control could be retained
as “protection” of the investment.

Metrics, the measurement of outcomes of the sponsorship activity, was commented on
by every respondent. Commonly, the terms “gut feel” or simply “feeling” were used,
hesitantly, because these SME operators were committing support for local sporting activities
but could not assess if this marketing communication was effective. Perhaps attitudes towards
metrics can be best summarised in the words of an hotelier:

“Sponsoring in general makes sense, but it’s difficult to tell if the ratio between what we spend
and what we get back is worthwhile. For example, I pay €8000 per season to the sponsorship;
a lot of money for a small business. I don’t know if the return is €8000 or more. If I knew how
to measure this, I would be a millionaire!”

In each instance, respondents indicated a preference for sport sponsorship as a
marketing communication method but expressed frustration with lack of metrics. SME
operators normally do not have sufficient resources to have marketing expenses which do not
provide returns. Measurement by “gut feel” is insufficient.

Recognition

Sponsorship recall, recognition, and awareness are direct benefits of exposure and
sponsor brand recognition could have a significant positive effect, resulting in purchases
(Harmeling et al. 2017). All SME operators spoke about creating public awareness of
products/services or the business. The physiotherapist summarised her sponsorship efforts
with:
“It really is about raising people’s awareness and getting our name out there; word of mouth by networking.”

This respondent included a reference to customer word of mouth promotions via networking for potential patients to consider her remedial services. Extant academic literature reinforces her beliefs by suggesting that public awareness is one of the main business objectives of both MNCs and SMEs. Recognising the necessity of developing public awareness, a novel but effective strategy to create awareness of his business was used by a civil engineer who installs solar panels sponsors both rugby and cycling sports clubs:

“I chose the sponsee club only because of the guy who teaches me (music) and I buy new shirts for the cyclists and they have my name on them. I give the old shirts to my children and tell them to put them on so people will see them.”

Although the rugby team has only a small following, the cyclists travel hundreds of kilometres every weekend, competing against other clubs and assisting the sponsors’ awareness strategy. The respondent also proudly showed photographs of his children wearing the old cycling club jerseys. Certainly, children wearing their father’s branded clothes could, if nothing else, be effective in avoiding promotional clutter. To a software developer, the image of the sponsored sport must match the required image of his firm. He responded with great passion:

“We have (sponsored) sailing sports because it is about freedom and a kind of adventure which fits our company which goes to new horizons. We do the same with our software, by exploring new customer segments. The image of the company must be the same as the image of the sports clubs.”

Intriguingly, the enthusiasm displayed by this respondent was contagious. He was “morphing” between the image of the firm and the image of the sports club. The repeated image
transfer between the two identities was a deliberate strategy to clarify any misconceptions of his sponsorship strategies.

A 42-year-old female educational marketing manager commented about their use of social media:

“Yes, we use social media, on our website and have contacts with the press (newspapers). We expect the same from our partners that they spread our news, for example, on their own websites.”

Cost restrictions in marketing investment without the ability to calculate returns from sponsorship activities, again created difficulties for this organisation. It could be considered unconscionable for such an institution to spend so much on recruitment of overseas students and not develop more appropriate social media links, especially given the ages of their target markets. Each time a student uses social media to “tell a friend” about their university, they become a student ambassador for the business. Relating to shared promotional activities between sponsors and sponsees, the civil engineer “confessed”:

“The club (sponsee) is doing more than we do. On our homepage we have two lines that we are engaged in sponsoring handball and football. The clubs do promote our sponsorship, they have different categories (e.g. premium level) hyperlinked to us. The clubs try to do their best to promote our sponsorship.”

Although aware of social media capabilities, this interviewee admitted that he did not have the ability to access and maximise the potential of social media benefits. Speaking about his inability to measure sponsorship metrics, the broadcaster was considering social media alternatives by measuring consumer behaviour:
“I’m hoping we can get better proxies than ‘gut feel’. For example, it would be interesting to see how many ‘selfies’ people make at the (sports) venues and then people send them onto friends because they are happy to be at the game.”

Looking for his own metric as an indication of consumer awareness, this respondent was typical of many. The level of frustration of many sponsors can almost be “felt”: their inability to measure sponsorship outcomes; self-inflicted extended working hours; inability to keep abreast of technology changes; and focus on working and surviving at the cost of gaining practical marketing know-how in a SME environment.

**Bonding**

“We sponsor only one team, a football team, because three of my employees play in this team. It helps employee morale because people in my factory see that we sponsor them, and that people wear our logo on their shirts. It does no harm that way.”

Should this improvement in staff morale have a multiplier effect throughout the firm, resultant increases in output could be significant. This respondent has achieved several goals. First, he creates local awareness of the factory via sponsorship activities. Second, he motivates staff directly by image transfer from the sponsor by purchasing team uniforms with his logo on the back, to the team who wear the uniforms, and back to the sponsor by behavioural changes in stronger work commitments. Third, the sponsor is perceived as a preferred employer in the local region.

The importer of industrial goods expressed a “selfish” attitude:

“We also like to sponsor because of private interests. We like the sport and we like the stadium; it makes me feel good. We like to meet people and enjoy nice discussions.”
Because of the time and resource needs of his SME, this CEO appreciated the time he could spend with his family. Successful sponsorship relationships are generally formed to satisfy individual and common objectives. Common objectives include awareness and image, community support, and networking opportunities. Individual objectives, like those required by the respondent, could include “meeting people” and “nice discussion”. They may also include free tickets or as the electrician and second-generation football team sponsor said:

“Was this ‘justification’ of the sponsorship decision? The web designer with political ambitions described his self-interest motives as:

“We have separate plans for the future. I want to be elected into the city council and we’re doing a few things there with the objective of having me elected to council. It’s a different objective, whereas other means are meant to promote our business.”

Sport sponsorship relationships have the potential to provide a strategic platform with the intent of satisfying multiple objectives. Within a SME context, sponsorship is not simply seen as a strategic marketing tool, but includes the personal preferences and interests of CEOs, founders, and senior managers who still influence sponsorship decision making. The educational marketing manager referred to partnerships, both social and economic, with sponsee sporting clubs:

“Our students have the opportunities to look at the daily work (in a sporting club) or to manage a team or training and everything that belongs to a team. It (sponsorship) is not just about the players but also about other benefits.”

The ‘partnership’ in this instance refers to practical training opportunities for students of Medical and Sports Health Care programmes, as part of the sponsorship arrangement. This agreement has proved to be successful for sporting clubs who benefit from additional health care services by trainees and the University whose curriculum includes practical training
elements. Businesses and sporting clubs generally increase awareness of the sponsoring University for staff training programmes and business-related courses. This arrangement could be considered a mix of social and structural bonds between exchange partners.

The importer perceived bonding as loyalty to the sponsee and commented:

“If the team was not successful, we would not stop sponsoring them. We want to show our bonding (loyalty) in good times and in bad times.”

This sponsor perceived loyalty as bi-directional between himself and the team and was willing to extend that support long term. Team loyalty represents a “form of psychological connection resulting in consistent and enduring positive behaviours and attitudes toward the team” (Biscaia et al. 2013, p. 289). Sports audiences could positively perceive longevity of sponsor loyalty and it could be influential in purchase decisions. However, sporting clubs offer more than just players and “sportainment”. Sports club VIP areas, normally reserved for “higher order” sponsors and special guests, were generally perceived as places for networking opportunities; the importer continued:

“We also like the VIP lounge as a good place to network and it keeps our business name a little better known especially in the local area. Although the local area is not our main market, we need to make our name known locally.”

Networking in the VIP lounge is considered important for sponsors to appeal to status needs, but also as a genuine place for developing business relations. Sponsors and other guests feel special and important because a VIP pass gives a select group of attendees the ability to better optimise their time and enjoy exclusive access to first-class amenities and key networking opportunities. Social and structural bonds are strengthened when a VIP section can
be regarded as a way for businesspeople to communicate business-related messages while simultaneously building a community/network and long-term relationships.

“Personal contact” of a different type is also important for the 34-year-old accountant and taxation advisor who provides business services to his son’s football team instead of cash: “It’s like a barter transaction; we give tax advice to the team admin and team members.”

Although the CEO of the software company was careful in his selection of sporting clubs, whose image transfer opportunities were congruent with his software company, he was anxious to contractually protect his business logo against potentially damaging behaviour by players or club administration. The broadcaster with a strong sense of community welfare showed care for youth in his local community by speaking of “investment” and not sponsorship expenses:

“We only sponsor clubs in our city and region. How do you choose? One point is that we give sponsorship for young people in clubs. It is an investment for the future and social community because young people are in sports and not on the streets or in jail. Club managers and coaches give instructions about how to behave and speak about their sponsors.”

Funds are invested and provide sporting opportunities rather than illicit activities, and players are coached to speak of the generosity of sponsors, enhancing awareness and respect. The bonding theme adds to the analysis by highlighting staff motivation including examples of private interests by managers, social bonds that include a mix of social interactions in a working environment, and economic codes discussed by SME operators as part of their general sponsorship activities.

**Discussion**

SME behaviours and motives for sports team and activity selection have developed into a complex construct. Small businesses tend to operate at a local level predominantly reflecting
relationship marketing theory, with relatively modest investments geared to creating and developing stronger long-term relationships with sponsees and potential customers. Reflecting findings by Webb and Carter (2001), SME support for the “community tribe” appeared to be of paramount importance with identified objectives and motive factors including giving back to the community, presenting overall awareness and image of the sponsoring organisation and their products/services, and employee involvement; SME support was given for networking reasons in a local community and motivating factors in the sponsor’s workplace. These “social fabric” support factors appeared to be more important than specific marketing-related sponsorship objectives. “Reaching the target market” and “Status associated with the event” were ranked comparatively low, as was “selfish” personal interests of management. This study of SME objectives, practices, and perceptions of sport sponsorships in Germany supports the research by Mack (1999, p. 25) in the USA, and concludes that small business owners’ marketing objectives appeared to be secondary to giving back to the community.

The SME objectives for sport sponsorships revealed in this German study are almost identical to research results in academic literature. Analysis of interview reports suggests that German SME operators were slightly less interested in brand positioning and strengthening brand preference than they were in guest hospitality; guest hospitality was more important to German operators who perceived these activities as opportunities to develop sponsorship partners and build relationships, that are comparable to descriptions mentioned in extant journals.

Media-related objectives were similar; neither the SMES in this German study or the SMEs studied in the literature showed specific interest. Sales-related objectives were more important to SMEs in extant literature material although both groups showed preference for generating new sales and customers as important. Local community, image awareness, and staff motivation were identified as prime objectives by both groups. One distinct difference
between the groups was “management motives” for sport sponsorship engagement. German SME communities identified free tickets and access to the sports club VIP areas as motives. In each instance, they justified this by adding that these “privileges” could be shared with staff who could act as business ambassadors. This study presents evidence to authenticate SME material in the academic literature. Comparisons between SME sport sponsorships objectives and those identified in conventional related academic literature, including predominantly MNCs, present a contrast. The greatest difference was in the “community goodwill” factor. German operators mentioned the need to provide this local support whereas only 70 per cent mentioned this as a factor for SMEs globally and less than 50 per cent for MNCs. Other variations of note were the importance of “public awareness” and “corporate image” of German operators compared to the other two groups. Branding was important for MNCs but less so for SMEs. Guest hospitality objectives were similar although the media was of greater importance to MNCs compared to SMEs. MNC sponsors were only slightly more interested in sales-related objectives than SMEs. The findings of this study concur with literature that perceived sport sponsorship as an opportunity to support local communities, for SMEs to network, and for MNCs to introduce or reinforce branding. (Pope, 1999).

Conclusion and Implications

This study argues that the impact of SMEs is a focal point in shaping enterprise policy, and SMEs are considered key to ensuring economic growth, innovation, job creation and social integration within world societies. Moore and Levermore, (2012) suggested that in many ways the sports sector is dominated by SMEs, which have a different dynamic to larger entities and should be analysed accordingly; a sentiment shared by Mack (1999), Khan and Stanton (2010), Zatepilina (2015) and Gabrielli and Balboni (2010). Investigations of sport sponsorship strategies have been largely directed by positivistic methodological influences of the phenomenon in the MNC context. In this study integration of multiple theoretical concepts
primarily based on the research of Mackellar (2015), Kim, et al. (2015) and Lavidge and Steiner (1961) and synthesised with a sponsorship typology, developed from practical topical research, contributed to the development of a conceptual framework.

Although Mackellar’s (2015) research described the relationship between sponsor and sponsee, it failed to include reference to specific business activities or their dynamics. This research extends “inputs” to examine their relationships within local communities, which include values-based connections, recognition, bonding, and social engagement variables or themes identified in practical research. These factors form the “process” stage of the model and result in identified “outputs”.

Drawing on the work of Kim et al. (2015, p.410), a model was developed to provide a structured approach for the examination of sponsorship relationships in current academic literature. Domains of antecedents were identified in the model: (a) sponsor related, “used to categorise antecedent variables that pertain to or describe characteristics of sponsors”, including objectives, exposure, community support, metrics, corporate culture, and brand equity; dyadic related, which refers to “those antecedents such as fit, leveraging and servicing that require active involvement by both the sponsor and sponsee, and are correspondingly meaningful to both; (b) sponsee related, which is used to categorise antecedent variables that are characteristic of sponsorship properties” including identification, involvement, and prestige. “Consumer-focused sponsorship outcomes are organised into three domains: cognitive, affective, and conative” and refer to stages through which potential consumers may pass as part of their purchase decision process. The single moderator is “sport” sponsorship.

The final stage in this conceptual framework is “outcomes” which relate to the potential consumer. Based on Lavidge and Steiner’s (1961, p. 60) hierarchy of effects model, “consumers are seen as rational decision makers who base those decisions on information evaluation” and are described in stages as they move towards a purchase decision. This model
has been supported by Palda (1966), van Hoek (1999), Cornwell (2008) and Alexandris and Tsiotsou (2012). This research stresses that each sponsorship experience is different for all “participants” in the sport sponsorship process and only provides a generalisation and not a prediction, particularly when considering cultural variations.

Complementing the work of Mackellar (2015), Kim et al. (2015) and Lavidge and Steiner (1961), including the results of the practical research conducted in Germany, the conceptual framework model is presented in Figure 1.
The conceptual framework relies in part on the linear sequential hierarchy of effects model which suggests that information evaluation has a significant role. Walker et al. (2011) suggested that signalling theory also relies on information evaluation and is described by Clark et al. (2002, p. 26) as “revolving around the judicious use of signals that are consistent with the
attainment or possession of a particular and valued attribute that, in the absence of the signal, would be very difficult to unambiguously convey”. Walker and Nowacki (2011) suggested that signalling theory describes successful sponsorship communications and so plays a critical role in that context. From a social constructivist perspective, this study suggests that SME sport sponsors operate in local regions which are perceived as “community families”, supporting sports and other teams consisting of local members, and operating in an environment of mutual support. The community, described as a values-based connection in the conceptual framework, includes the dynamics of all members of the sponsorship arrangement and is described in terms of social engagement, recognition, and bonding. In the context of this study, that information emerged from primary research conducted and analysed within a framework consistent with social constructivist theory.

The conceptual framework model developed from this study is the first theoretical construct to provide a holistic view of the dynamics between sponsor, sponsee and consumer within a regional context forming the operating environment within a German SME market.

Our empirical findings identify the following key issues:

1. SME operators tend to sponsor local teams and players, often selected because of family connections, friendship, personal connections, staff motivation, and business image and awareness.

2. SME sponsorship objectives are not always formally written, but tend to focus on local community support, management motives, image creation, and to develop sponsorship partners.

3. Image transfer between a successful sporting team and the SME is seldom important, but it is a benefit when it happens. More important is the development of strong and lasting connections between spectators, sponsees and sponsors.
4. Engaging with communities is important and often reinforced by business CSR statements, grounded in giving back to one’s community.

Further Research Directions

The authors of this paper have chosen significant samples of academic theory. Future studies may choose alternative material of significance. Because of the low number of respondents, and the fact that sampling was more opportunistically based, it was not feasible to discuss the validity of the measuring instrument. Citations of input data may have significant outcomes for future understanding of the sponsorship phenomena. General acknowledgment of the gap in research of sponsorship in the SME context could assist in the development of a broader understanding of SME behaviours and objectives for such decisions.
References


