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New Media, Branding and Global Sports Sponsorship

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Executive summary

The integration of new media technologies has changed the manner in which sport is produced, marketed, delivered and consumed. This has contributed significantly to the ongoing fragmentation of media channels worldwide and prompted a dynamic and synergistic relationship between new media and sports sponsorship.

The proliferation of new media technologies, the revolution in consumer to consumer communications and the need for brands to gain permission to engage consumers have also precipitated a transition in marketing logic “from a goods-dominant view, in

Abstract

New media has emerged as a significant dimension of branding and global sports sponsorship because it provides the capability to communicate with consumers worldwide via a multitude of digital platforms. This paper discusses the results of a systematic review of the development of global sports sponsorship and the importance of new media integration to the sector for the future. Results indicate that a new paradigm is emerging which involves thematically linked, integrated, strategic global marketing initiatives driven by new media applications, which have enhanced the value of sports sponsorship.

which tangible output and discrete transactions were central, to a service-dominant view, in which intangibility, exchange processes and relationships are central” (Vargo & Lusch, 2004, p.2). Core marketing activities now include “interactivity, integration, customisation and coproduction” (p.11), and value “is defined and co-created with the consumer rather than embedded in output” (p.6). New media, therefore, has become a vehicle for the expansion of integrated marketing communications, which includes the use of multiple media channels and publicity methods in order to sell products, services and ideas (McAllister &



Turow, 2002). The use of multiple new media platforms in sports sponsorship communications, a fundamental dimension of sports marketing communications, enables brands to communicate effectively with consumers, develop brand awareness rapidly in new markets and provide new content opportunities (Roberts, 2006/2007).

Although digital communication technologies are becoming increasingly important in the marketing mix for most enterprises, Thorbjornsen & Supphellen (2004) maintain that it is also important to integrate a broader range of brand-building activities that strengthen relevant associations and enhance positive emotions for the brand. Brand management has reduced its dependency on advertising and is now using multiple channels, such as product placement, sponsorship and events marketing, in order to engage consumers and sustain experience around the brand (Arvidsson, 2006).

In light of the relatively recent emergence and the high level of significance of new media technologies to the growth of the global sports industry, and the accelerated growth and significance of sports sponsorship to brands and sports properties worldwide, this paper discusses the results of a systematic review (Lipsey & Wilson, 2001) related to: the current state of development of global sports sponsorship; the importance of new media integration to the sports sponsorship sector; and the implications of new media for the future of global sports sponsorship.

The results of this review indicated that a new paradigm is emerging in sports sponsorship which involves thematically linked, integrated, strategic global marketing initiatives driven by new media applications. Successful global brands have integrated new media platforms as well as generated branding benefits and revenue. It is predicted that sports sponsorship will maintain its synergistic relationship with new media and continue to enable sponsors and sponsees to enhance communications through the use of multiple channels and to develop products and services specific to their core consumers.

Introduction

The continuing development of the global sports industry is due in part to the extensive integration of new media (digital) technologies, the convergence of consumer needs worldwide and the necessity for brands to discover unique and effective ways to communicate with new markets. The numerous applications of digital technologies within the sports industry have changed radically the manner in which sport is produced, delivered and consumed. Concomitantly, local, regional and national media channels worldwide have fragmented. Global brands are taking advantage of these compelling trends – economic, consumer and media – by using the emotional impact of sport to connect with consumers. As competition between brands continues to intensify, sports content – teams, leagues, federations, events, athletes and celebrity causes – whether delivered online or on-site, uploaded, downloaded, broadcast, narrowcast or podcast, will continue to increase in value (Glendinning, 2007).

The complexity of the global business environment has required enterprises to strengthen their brands and to strive to convey a strong, consistent and appropriate message to consumers (Kahle, 2007). 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.

The acceleration in the growth of sports sponsorship is caused not only by global business complexity and media channel fragmentation, but by the more sophisticated approach to sponsorship on the part of brands and sports properties. This has included improved measurement of the return on investment (ROI) for sports sponsorship across a wider range of objectives, better demographic research, increased flexibility, joint revenues and performance-related contracts. “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” (Seguin & O’Reilly, 2007 p.2).

A synergistic relationship has emerged between new media and sports sponsorship primarily because new media enables brands to communicate more effectively and more often with consumers, to develop brand awareness rapidly in new markets and to provide new communications platforms and content opportunities (Roberts, 2006/2007).

In light of the relatively recent emergence and the high level of significance of new media technologies to the growth of the global sports industry, and the accelerated growth and significance of sports sponsorship to brands and sports properties worldwide, this paper discusses the results of a systematic review (Lipsey & Wilson, 2001) related to: the current state of development of global sports sponsorship; the importance of new media integration to the sports sponsorship sector; and the implications of new media for the future of global sports sponsorship.

Related literature

In *Age of Discontinuity*, Drucker (1969) envisaged that normal incremental change would be disrupted by a period of discontinuity and that a radical shift in the way the world functioned would transpire. Drucker’s predictions included:

- an upsurge of new technologies resulting in major new industries
- a transformation from a national economy to a global economy
- an emphasis on knowledge as a key resource of the economy.

Knowledge (primarily in the form of information provided to consumers) is a key factor in Vargo and Lusch’s (2004) service-centred perspective on marketing. They defined service as “the application of specialised competences (knowledge and skills)

through deeds, processes and performances for the benefit of another entity or the entity itself” (p.2). According to their model, knowledge can be extended to the entire supply chain or the service-provision chain, and the primary flow is information to a consumer who desires it. They contend, therefore, that marketing has transitioned “from a goods-dominant view, in which tangible output and discrete transactions were central, to a service-dominant view, in which intangibility, exchange processes and relationships are central” (p.2). From their perspective, primary marketing activities include “interactivity, integration, customisation and coproduction” (p.11). In their consumer-focused and relational model, where value “is defined and co-created with the consumer rather than embedded in output” (p.6), the goal of marketing “is to customise offerings, to recognise that the consumer is always a co-producer and to strive to maximise consumer involvement in the customisation” (p.12).

In a call for marketing practitioners and scholars to change their theoretical approach to marketing, Gummesson (2002) recommended a reduction in the distinction between producer and consumer and conceptualised the consumer as an “active co-producer, user and value creator” (p.587). He presented two “new economy” marketing theory perspectives; the first of these includes three factors: goods, services and information technology. “In services, customer-supplier interaction and relationships in the service encounter stands out as the most distinctive feature separating them from goods” (p.586). The second perspective included two sub-economies – value and networks. The value economy focuses on the desired output and the network economy focuses on the character of the input. Similar to the view of Vargo and Lusch (2004), Gummesson (2002) contends that in the new economy, “suppliers both produce and consume value and exist in networks and customers do the same. Value is not present until an offering is used for something and experienced as satisfying a need for somebody” (p.587). From Gummesson’s perspective,



relationship marketing and customer relations management (CRM), with a focus on relationships, networks and interaction, provide a “more valid and general theory of marketing” (p.587).

More recently, Deighton and Kornfeld (2007) identified two important elements that have emerged in digital marketing practice and theory – social media and search media. They assert that the anticipated model of marketing, one in which digital media facilitate the delivery of marketing messages, has not developed. In its place is a model of consumer collaboration, where consumers communicate among themselves, “responding to marketing’s intrusions by disseminating counterargument, information sharing, rebuttal, parody, reproach and, though more rarely, fandom” (p.2). Deighton and Kornfeld (2007) also identified five discrete roles (paradigms) for interactive technology: thought tracing (search); ubiquitous connectivity; property exchange; social exchange; and cultural exchange. These emerging paradigms are “responses to the diminution of marketing’s power relative to the consumer in the new media environment” (p.8). They suggest that the word consumer is actually of limited value in understanding the current new media marketing context and argue that if the “marketer wants to survive it has to be by becoming an ally, someone who is welcomed into social or cultural life and is, perhaps, even sought out as someone with cultural capital” (p.13).

As the internet and other digital technologies continue to impact all elements of business and society (Megalli, 2008), it is apparent that “attention” is developing into a dynamic economic driver of branded markets worldwide. According to Berman (2008), in an attention-based economy, consumers continue to exert their influence in the marketing process and networked consumers (those connected to the internet and other digital communication technologies) “will increasingly be creative collaborators in the experiences that they desire, shaping content to make it individually relevant” (p.2). In what Berman labelled the “attention loop”, rather

than the value chain, consumers’ attention is engaged at the creation of the product itself and by the way the product (service) is delivered and/or experienced. In a lucid analysis of the impact of digital technologies on marketing (originally published in 2002), Berman predicted that “mega brands traditionally identified with business capabilities in retailing, airlines, sports teams, banks, travel services and many others will also begin to exercise their considerable clout along the value chains of many other markets. Convergence and divergence will characterise the development of both technological and business models” (p.10).

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 (McAllister & Turow, 2002). Although digital communication technologies are becoming increasingly more important in the marketing mix of most enterprises, Thorbjornsen and Supphellen (2004) maintain that it is of significant importance to integrate a broad range of brand-building activities that strengthen relevant brand associations and enhance positive emotions for the brand. The predominant approach of the most successful global brands is not about reach and frequency but rather about discovering ways to encourage consumers to invite brands into their lives. These brands integrate messages over multiple media channels and blur the lines between ads and entertainment. As a result these brands are found in a multitude of new channels – the internet, live events, cell phones and other digital platforms (Business Week, 2005). “Brand management practice has moved beyond simple (or even primary) reliance on advertising to make active use of a multitude of channels, such as product placements, sponsorship and event marketing, that engage customers in different ways, and sustain a more or less intense experience around the brand” (Arvidsson, 2006, p.188).



Method

A systematic review (Lipsey & Wilson, 2001) was conducted in order to collect and review articles, research studies, e-newsletters, public relations releases, technology industry reports and other material that addressed the relationship between globalisation, sports sponsorship, branding and new media technologies. Due to the dearth of research in the area of sports new media and global sponsorship, the selection of the documents was conducted so as to ensure the inclusion of as many relevant published documents as possible. Search strategies included multiple electronic database searches, internet searches, manual checks of reference sections of review articles and selected sports business publications, and a review of the materials contained within the databases Sport Business Research (<http://sbrnet.com>) and SportsBusiness Journal (<http://www.sportsbusinessjournal.com>).

In order to identify documents appropriate for the review, a two-phase screening process was implemented. In the first phase 54 documents were identified that could be used in the review. Some documents were eliminated because they were duplicates from the electronic database searches. In the second phase, the remaining documents were retrieved and screened based on title and abstract (if available), and were eliminated if they did not address at least one of the following issues: sports globalisation, sports sponsorship, branding and new media technology. The documents were assessed for their relevance to the topic areas and 24 documents were selected.

The global sports market

In a review of the PricewaterhouseCoopers' Global Entertainment and Media Outlook: 2005-2009, Zimmerman (2005) reported that increases in merchandising and sponsorships, broadcast rights agreements, the 2006 FIFA World Cup and the 2008

Beijing Olympics would together create a global sports market of US\$111 billion by 2009, representing a 6.1% compound annual growth rate (CAGR). He stated that revenues identified in the report were derived from live sports events, rights fees paid by broadcasters, merchandising, sponsorships (including naming rights deals) and other packages with rights to sports properties. The US, with total revenues of US\$42.1 billion in 2004, led the world with a projected US\$57.4 billion in 2009, a CAGR rate of 6.4%. Revenues for Europe, the Middle East and Africa, which reached US\$24.9 billion in 2004, were projected to reach US\$32.9 billion in 2009, a CAGR of 5.7%. Asia/Pacific, at US\$12.7 billion in 2004, was projected to total US\$17 billion in 2009, a CAGR of 5.9%. Latin America was predicted to increase by a 6.1% CAGR to US\$3 billion and Canada by 2.8% to US\$878 million (Zimmerman, 2005).

Merchandising and sponsorship revenues were projected to lead in all regions of the world except the US, where the television rights market, propelled by satellite and cable distribution, was projected to reach US\$2 billion by 2009, a CAGR of 11.1%. The US increases would result from agreements with satellite radio, DirectTV, mobile phones and the internet, as well as regional and local TV rights. National TV rights fees were projected to grow more slowly, reaching US\$6 billion in 2009, a CAGR of 4.3%. This is characteristic of the increasing fragmentation of media markets in the US and the increasing importance of regional sports networks.

In Europe, the Middle East and Africa, new broadcast rights agreements were predicted to increase to US\$7.5 billion in 2009, a CAGR of 5.5%. According to the report, intensifying competition among major clothing and equipment providers, new media rights and the expanding economy would result in an increase in sponsorship and merchandise spending totalling US\$9 billion in 2009, a CAGR of 7.9% (Zimmerman, 2005).



The global sports sponsorship market

Increasing media fragmentation, marketing clutter and the need to engage consumers have contributed significantly to the development of the global sponsorship market, which increased 25% from 2003 to 2006. This is twice the percentage increase of advertising expenditures over the same period. According to Kolah (2006b), an International Events Group (IEG) report indicated that the value of the global sponsorship market was estimated to have grown from US\$24.4 billion in 2002 to US\$30.5 billion in 2005, which represents an increase of US\$6.1 billion. For 2004-05 it was reported that global spending on sponsorship increased 9.3% or US\$2.6 billion from US\$27.9 billion to US\$30.5 billion. Sport accounted for approximately 80% of all global sponsorship activity in that year, and according to Kolah (2006b), the 2004 World Sponsorship Monitor reported that telecommunications companies expended US\$800 million on sport, arts and broadcasting sponsorships.

Donohue (2007), citing a report by International Marketing Reports, stated that the European sponsorship sector was valued at approximately €6.7 billion (£4.7 billion) per year and that since 2000, the sponsorship sector had increased 37%, with the financial services sector accounting for 13% of sponsorship spend within Europe. Not surprisingly, football received €1.9 billion, which represented approximately 38% of the total, while motorsport received €1.6 billion (32%). Sailing and cycling garnered approximately 4% with €190 million and €184 million respectively and Rugby Union captured 3% at €161 million. According to Donohue, the report also indicated that Germany was the largest sports sponsorship market in Europe, with a €2.6 billion or 33% revenue share, and the UK was second, with €1.4 billion or 17% share. Deutsche Telekom was the leading sports sponsor in Europe (€90 million per year) and Vodafone the largest in the UK (€45 million per year). It was interesting to note that the report

suggested that due to the withdrawal of tobacco brands from sports sponsorship, many other sectors had entered the sponsorship market, including energy, gambling and the airlines (Donohue, 2007).

Sponsorship spend by US companies was predicted to increase 12.6% in 2008 to US\$16.78 billion, which represents the largest increase since 2000. The increase would be partly attributable to the US presidential election and the Beijing Olympic Games. Of the total, sports properties were expected to receive approximately 70% and, consistent with global trends, the growth rate of sponsorship in the US was expected to continue to exceed that of traditional advertising (SportBusiness Group, 2008a).

By comparison, global advertising spend during the same period (2002-05) was reported by ZenithOptimedia to have increased from US\$359.2 billion (2002) to US\$406.2 billion (2005), an increase of US\$47 billion or 13.1%. Although the growth rate of sponsorship spend was approximately double that of advertising during that three-year period, the total amount represented only 7.4% of the global advertising market in 2005. Comparing sponsorship with advertising is complicated because sponsorship spend includes rights acquisition and activation costs, while advertising spend is considered a direct marketing expense. The important factor, however, is that "the relative growth rates in the acquisition of sponsorship rights demonstrate an overwhelming confidence amongst brand owners in using sponsorship as a key brand communication platform" (Kolah, 2006a, p.10).

Roberts (2006/2007) reported that a 2007 survey by Redmandarin revealed that sponsorship was strengthening its position in the promotional mix and that it was becoming "more sophisticated, professional, and increasingly woven into the fabric of brands' marketing activities" (p.1). According to Roberts, the report indicated that there was an increasing appreciation of the importance of sponsorship in creating and developing brand equity. Respondents indicated that rather than creating brand awareness, building brand equity was the most important sponsorship objective because as brands



mature, creating an understanding of what the brand means is the primary objective. Another reason why sports sponsorship is growing in importance is that advertising is perceived as a disruptive form of communication and sponsorship is perceived to be able to create new communications opportunities. There was also recognition among respondents to the survey of the potential for sponsorship to integrate new media across multiple platforms, including internet and mobile environments (Roberts, 2006/2007).

Key impacts on sponsorship

Although sports sponsorship is considered to be an effective brand communication strategy and a fundamental dimension of the marketing mix, Kolah (2006b) argued that for continued growth in the sector, it was necessary for sponsorship to demonstrate the ability to influence the behaviour of consumers. Kolah identified four factors currently impacting the growth of sports sponsorship – globalisation, consumer behaviour, permission and technology.

Globalisation

Consistent with Vargo and Lusch's (2004) and Gummesson's (2002) conclusions, Kolah (2006b) predicted that brands "will move increasingly from supply to demand-side, driven by satisfying the needs and requirements of consumers – wherever they are in the world and will compete in a global village" (p.3). He contends that transactions involving personnel, products and services, intellectual property and capital will be more easily executed in the future, which will result in more intense competition among brands.

Key strategies that have contributed to the globalisation of sport, and therefore to the growth of sports sponsorship include:

- 1) increased adoption of new media technologies
- 2) development of new opportunities for marketing and consuming sport
- 3) new integration strategies, including partnerships, mergers and alliances with global corporations
- 4) development of more technologically sophisticated and consumer-friendly sports venues (Milne & McDonald, 1999).

According to McDonald et al (2004), the emergence of new media technologies has facilitated the transmission of local and regional sports content worldwide. They contend that "global media developed because national media are not able to satisfy the information and entertainment needs of an increasingly complex and interdependent world" (p.174) and that the ability to broadcast sport worldwide has helped to integrate people from different cultures, which has expedited the convergence of consumer needs worldwide.

Global brands such as Visa, Mastercard, Samsung, Adidas, Gillette, Coca-Cola, Nike, Hong Kong Shanghai Bank Corporation (HSBC), Mercedes, Yahoo, Vodafone and brands aspiring to become global such as Emirates Airlines, ING and the Royal Bank of Scotland (RBS), have therefore integrated sports sponsorship into their promotional mix. Vodafone, for example, spends approximately 10% of its marketing budget on sports sponsorship and considers sponsorship to be a global issue. Vodafone places sponsorship within a strategic framework because it is an important marketing strategy for uniting its global network of companies under one brand. For Vodafone, each sports sponsorship is a commercial decision and "the numbers in question fall into four main categories – media coverage, revenue generated, PR coverage and the internal audience" (Sport Business International, 2004, p.3). In the global economy, due to the rapid and ongoing development of new media technologies (specifically broadband and mobile platforms), distance is irrelevant – all brands are global



and within this one market space, there are undefined boundaries and untapped opportunities (Kolah, 2006b).

Global brands, however, may have difficulty establishing relationships with consumers in some countries because of cultural issues. In China, for example, consumers “are among the most fickle on earth. When their teams lose, they stay home, so they don’t make a lasting connection with the players – and their sponsors” (Balfour, 2003, p.2). Since Chinese consumers tend to support only winning teams, sponsors are unable to determine the effectiveness of their advertising. One of the ways that sponsors have been able to compensate for this is by focusing on associations between brands and individual athletes, rather than brands and teams. “Nike and Pepsi have been able to parlay global sponsorship deals with megastars... such as Yao Ming and David Beckham into greater awareness in China” (Balfour, 2003, p.3).

Consumer behaviour

New media is important to brands because “brand advertising is inherently about leaving an impression on a consumer, and thus about some sort of exposure. On the internet, however, an exposure can also be tied to an action by a consumer, and these actions can be counted, tracked and analysed in ways that exposure in the established mass media cannot” (The Economist, 2006, p.70). Therefore, the value of consumer input and understanding will be more highly valued in the future as brands attempt to create a total experience. In order for brands to do this most effectively it will be necessary to communicate directly with consumers across multiple platforms to facilitate intelligent collaboration when developing new products and services; and sports sponsorship will assume a more important role in this process (Kolah, 2006b).

Permission

As mentioned by Berman (2008), attention is a valuable and often scarce resource in the new economy and in order for brands to communicate effectively with consumers, they require not only their

attention but also their permission. Increasingly, technological innovations such as caller identification and the digital video recorder allow consumers to filter brand messages. According to Martens (2007), Forrester Research predicts that by 2010 approximately half of all US households will have at least one digital video recorder. For Kolah (2006b), this suggests that “the continuing explosion and fragmentation of media leads to further fragmentation of audiences – requiring the brand owner to seek permission (consent) to communicate with a particular group or community of interest” (p.5). In order to succeed, brands will have to demonstrate that they are trustworthy; and gaining the trust of consumers places a greater importance on brand communication, which means that ultimately there will be more opportunity for non-traditional promotional strategies such as sports sponsorship (Kolah, 2006b). Kolah (2006b) maintains that “sponsorship, as a collaborative marketing platform, can create such a climate of trust and confidence with the target audience” (p.6).

The value of the Nike swoosh, for example, is not based on its ability to initiate purchasing decisions but on its specific affect as it is reproduced across a wide segment of channels. “This consistency of its affective pattern is what is thought to support brand equity in terms of loyalty, awareness, associations and even metaphysical meaning. Contemporary brand management thus recognises the autonomy of consumer action but seeks to work on the context in which it unfolds” (Arvidsson, 2006, p.189).

Technology

In an increasingly complex global business environment, a strategy currently employed by enterprises worldwide is to integrate technology at all levels of the organisation, and new media technologies have been adopted almost universally (Santomier & Shuart, 2008). CRM and intelligent agent software programs now have the capacity to gather and deliver the identities, addresses and purchasing habits of consumers and communicate with them via new media platforms including the internet and mobile



devices such as iPods, PDAs and iPhones.

“New technologies have created a proliferation of means to reach, and interact with, an audience. This creates the potential for a new approach to sponsorship rights, carving up sponsorship opportunities into distinct, platform-based rights or selling bundles of rights in a comprehensive sponsorship package” (Phelops & Otterwell, 2007, p.1). New media technologies are changing the nature of the marketing mix, as sponsorship continues to develop into an effective promotional strategy for brands. In addition, new media technologies are impacting upon the way sports properties value sponsorship rights because the ability for consumers to access sports content via a multitude of digital platforms means that standard models of evaluation may be insufficient for the new media space (Phelops & Otterwell, 2007).

New media

New media represent the convergence of telecommunications, computing and traditional media; a conceptual definition that embraces a set of rapidly changing technologies. Convergence refers to the ability of a single platform, such as a mobile phone, to process different sources of electronic information (Rines, 2000). New media technologies include, but are not limited to, broadband, internet websites, wireless and mobile technologies, personal digital assistants (PDAs), streaming audio and video, high definition TV (HDTV) and interactive TV (iTV). Advances in technology have resulted in the broadcast industry experiencing rapid and dramatic transformation, with the introduction of a multitude of new media delivery and viewing platforms.

The manner in which sport, news, advertising and other programming content reaches audiences has been changed radically. New media platforms are more sophisticated and intuitive, affordable, increasingly thin and light due to the application of nanotechnology, and able to provide enhanced resolution and colour

rendition. These technological advances are significant not only for consumers worldwide but also for enterprise managers making decisions about how to manage and broadcast their digital properties. The advantages of multimedia platforms include the ability to target specific audiences and the accountability provided by digital measurement. A key factor related to how new media technologies impact upon sports consumers is about choice and interaction. “Choices of what to watch and when to watch, choice of what device to watch on and the choice of how long to watch for. But it’s also the choice to get involved – through increasingly sophisticated interaction with the media supplier and with fellow fans and consumers” (Thompson, 2006, p.30).

Bernstein (2005) identified 10 new media technologies that are changing the consumption of sport. These technologies have the power to communicate directly with consumers, but only if consumers grant permission. They are:

- video on demand (VOD)
- digital asset management (the storage of digital assets)
- optical tracking systems
- 3G (third-generation mobile communications)
- portable people meters (a measurement device that tracks consumer exposure to various media)
- HDTV
- sports ticker (a device that keeps consumers linked to their favourite team’s data stream)
- Internet Protocol Television (IPTV)
- online video gaming
- satellite radio.

Mobile technologies are becoming an important and effective way for brands to reach new consumers and provide value added components. The almost universal availability of mobile phones and significant market penetration worldwide provide brands with an opportunity to reach a large and often targeted audience. Along with short messaging services (SMS) and multimedia messaging services (MMS), network



operators, working with their partners, are able to offer unique branded ring tones, wallpapers, interactive games, ticketing, voting and competitions as a dimension of sponsorship activation.

According to an article in SportBusiness Group's Newlines (SportBusiness Group, 2006), Juniper Research has indicated that the global market for mobile sports content and related services is expected to increase from US\$1 billion in 2006 to US\$3.8 billion in 2011, with an average annual growth rate of 27%. According to the report, it is estimated that between 2006 and 2011 mobile sport, leisure and information content and related services will generate cumulative revenue of approximately US\$42 billion, of which 40% will come from Europe, 33% from Asia Pacific and 18% from North America.

Spending on new media platforms is projected to increase in the next five years to US\$12 billion. This includes spending on broadband multimedia advertising, embedded video advertising, mobile news and entertainment and non-linear TV services such as VOD and digital video recorders (Sass, 2008). Screen Digest predicts that US revenues from the consumption of online sports video (OSV) will increase to US\$2.3 billion in 2012, from US\$762 million in 2007.

In the UK, OSV is predicted to increase from £23.5 million (US\$43.2 million) to £82.9 million (US\$153 million). Sports content was a major driver of pay-TV and is expected to be the single biggest driver of the consumption of online video. In 2007 OSV accounted for 35% of all online TV streams/downloads in the UK, and accounted for 46% of all online TV consumed that year. The Screen Digest analysis took into consideration all sports, including branded sports such as the English Premier League, UEFA Champions League, Wimbledon, the US-based National Football League and Major League Baseball, as well as niche sports (SportBusiness Group, 2008b).

A review of Veronis Suhler Stevenson's (VSS) 21st Communications Industry Forecast by Petersen (2007) revealed that US total internet advertising is expected to increase to US\$61.98 billion and is projected to

become the leading advertising medium by 2011. The report indicated that the US media landscape is shifting due to changes in technology, consumer behaviour and the response by brands and communications enterprises. Consumers are migrating towards new media, away from advertising-supported media and towards media they support, including the internet and video games. Advertising spending on pure internet sites reached US\$15.1 billion in 2006 and by 2011 is expected to be US\$34.78 billion, a CAGR of 18.2%. Growth of 25.79% is expected for traditional media-based internet sites, which reached US\$8.585 billion in 2006 and is projected to reach US\$27.2 billion by 2011. National internet advertising, which includes search, display, sponsorships and so on is projected to reach US\$38.897 billion in 2011, a CAGR of 18.2% from 2006-2011 (Petersen, 2007).

New media and sports sponsorship

For sports sponsorships to reach their full potential they must be activated through a number of marketing channels. Brands spend approximately twice as much to activate sponsorships as they do for ownership rights, and until recently brands had not allocated a large proportion of their activation budgets to new media. However, implementing interactive promotional campaigns with compelling viral content is a cost-effective way to increase advertisers' reach (Paul, 2007). "In addition, content created for or at sponsored events and migrated online gives advertisers the opportunity to increase the longevity of a sponsorship initiative well past the actual event, creating mass appeal beyond event attendees alone" (Paul, 2007, p.1).

According to Paul, sponsorship-specific websites provide opportunities for tracking consumers and measuring ROI – an important new requirement within the sponsorship sector. He contends that relationship marketing is much easier with online data capture and segmentation.



Digital media's strengths in social interaction and niche marketing, and its international reach, will become increasingly important because "as online sports content grows, becoming not just more global but more social, it is creating new online opportunities for marketers" (Voight, 2007, p.1). One emerging practice is for brands to target consumers on television and via multiple digital platforms simultaneously. Initially, there was some concern about cannibalisation of local and national television, gate attendance or sponsorship revenue. However, evidence suggests that such concern is unwarranted (Fisher, 2006). "Advertisers are beginning to embrace a deeply blurred media landscape, leveraging buys over multiple platforms, giving sports properties the security of incoming revenue to be aggressive in developing new forms of content" (Fisher, 2006, p.2).

In support of the multi-channel approach by advertisers and sponsors, approximately 58% of those viewing a sports event on television are also using mobile devices for instant messaging, emailing, text messaging or talking. In addition, these multi-tasking consumers are more engaged and have better recall of the ads they view than those who are only viewing the event (Voight, 2007).

Through new media-driven integrated partnerships, sponsors and sports properties are able to develop products and services specific to their primary consumers. The NASCAR Sprint Nextel sponsorship, valued at US\$750 million over 10 years, offers consumers at each race FanView to rent. This co-branded hand-held device, which has video, audio and data capabilities, allows consumers to access race telecasts and scan live audio feeds of NASCAR drivers while enabling both brands to enhance the value of consumers' experiences through interactive services (Sprint Nextel, 2006). David Levy, president of Turner Sports, which televises NASCAR races and operates NASCAR.com through Turner Interactive, stated: "We're just aggregating consumers. We really don't care what devices they use. It's about creating touch points. Ultimately, brands will win across all technologies" (Fisher, 2006, p.1).

The new media paradigm in sports sponsorship leverages brand equity, the ability to communicate across multiple channels with consumers, and the value of the sports property. At the same time, however, sports sponsorship may actually foster the global diffusion of new media technology. This diffusion is often facilitated by global technology brands such as Avaya, IBM and Yahoo because as sports sponsors, they also provide integrated broadcast services and other technology applications to major global events, from motor-racing to cycling. International Business Machines (IBM) has been the information technology partner for the US Open tennis tournament for 16 years. This sponsorship "serves as the perfect demo platform, allowing IBM to show off its data-crunching capabilities to prospective clients it hosts at the tournament" (Van Riper, 2007, p.2). The 2006 FIFA World Cup website was jointly produced and hosted by FIFA and Yahoo, and Avaya was a sponsor and official "convergence communications provider" (Santomier & Costabei, 2007).

Telecommunications enterprises, especially wireless providers such as Verizon, T-Mobile, 3 Italia, Orange and Vodafone, while active sponsors of sports properties, also serve as distributors of sports content. This unique position of being both sponsor and distributor allows them to:

- provide value added entertainment and related offerings to consumers
- increase non-traditional revenue
- implement ad hoc marketing strategies that exploit interactivity
- enhance their brand equity worldwide
- increase market share
- implement new technology
- target and communicate with specific consumer segments
- develop and sell new products.

In addition, both sponsors and sponsees benefit because they are able to execute co-marketing activities without the costs normally associated with



acquiring complementary assets. Mobile platforms, therefore, will become more integrated into the sports sponsorship mix, in part because mobile represents narrowcasting, where the specific sports content has been selected by the consumer (Roberts, 2006).

Global brands are not simply sponsoring sports properties but creating specific strategic sponsorship partnerships through agreements that enhance value creation for sponsors and sports properties. For example, American Express leveraged its 2007 US Open tennis sponsorship by using its spokesperson, John McEnroe, to promote a card benefit – ‘Dispute Resolution’. The campaign used a micro-site (www.usta.com/americanexpress) platform that informed visitors about the benefits available to card members and provided highlights and a web-exclusive video segment, entitled *The Art of Dispute*, featuring McEnroe. American Express identified tennis enthusiasts as a prime target, and their new media initiative reached consumers not in attendance at the event (Paul, 2007).

US-based Gillette, in a partnership with ESPN College Game Day, created the Gillette Fusion Power Game Face College Tour. This interactive campaign (www.gillettegameface.com) featured a contest component that leveraged the social networking website Facebook (www.facebook.com), which allowed visitors to upload their best “game faces”. According to Paul (2007), by shifting power to consumers, Gillette loses some control of its messaging, but ultimately gains a more enduring relationship with its target market. “As offline events become more and more digital, with interactive kiosks, dynamic signage and mobile social networks like Facebook and Twitter, the opportunity to create relationships at events that move seamlessly ...online ...becomes a greater reality” (Paul, 2007, p.2).

A decision to purchase a significant amount of advertising during the 2008 National Football League’s (NFL) Super Bowl event was based primarily on Anheuser-Busch’s ability to extend the advertising to new media platforms as well as to integrate it on the broadcast set and the playing field. For Anheuser-

Busch, “the most important thing is how to evolve to the digital online space with traditional media. It’s going to be how do we do sponsorship deals, how do we talk to owners of web assets and integrate the old (media) with the new” (Greenberg, 2008, p.1). It is clear that for brands and sports properties, the focus has shifted to building brand loyalty by communicating with consumers and engaging them in integrated marketing strategies.

Summary

Sports sponsorship has emerged as a credible and important dimension of brand marketing because it represents a long-term investment in creating dynamic relationships between brands and consumers. Sports sponsorship’s growth rate will continue to exceed the increases in traditional media buys (SportBusiness Group, 2008a). New media 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. Through the association with sport these initiatives are capable of gaining the trust and confidence of consumers and, ultimately, gaining the permission brands need to communicate with them. New media facilitates the aggregation of consumers across multiple platforms on a global scale while communicating a brand’s message and building relationships with consumers.

As more digital sports content becomes available for distribution there will be more opportunities for brands to use sports sponsorship to convey their messages. New media’s strengths in social interaction, viral and niche marketing, and relationship marketing will secure its role in the marketing process, and sports sponsorship will become increasingly more important for global brands.

New media is changing the nature of the marketing mix “as sponsorship becomes an increasingly powerful and engaging tool for brands. The key to driving benefits from the new opportunities, and to protecting



against associated risks, is to ensure that you understand the new technologies and the opportunities they afford” (Phelops & Otterwell, 2007, p.3). New media technologies have significantly increased the value of sports sponsorships worldwide, and sports properties and brands have been challenged to develop the management and marketing skills and the technology infrastructure necessary to sustain a long and mutually beneficial relationship.

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Biography

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