

# Sports Sponsorship Evolution in the Economic Recession: Analytical Evidence from Empirical Cases

## Authors' contribution:

- A) conception and design of the study
- B) acquisition of data
- C) analysis and interpretation of data
- D) manuscript preparation
- E) obtaining funding

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## ABSTRACT

Sport sponsorship has developed into a major global industry. Even though it is still a significant communication tool for companies, in recent years, sponsorship is no more just a matter of exposing a logo on a jersey or purchasing an in-stadium sign. Rather sponsors and sport entities should engage in an activity that enables them to exchange value.

Sponsorships are moving toward complex patterns of interactions in which each “player” is engaged in a meaningful activity that can deliver mutual benefits. The aim of the paper is to analyze the sport sponsorship’s evolution in the latest economic recession. To understand the patterns of relations among different actors involved within a sport sponsorship arrangement, we take as “interpretive lenses” the strategic partnerships’ theoretical framework and make an application to a wide range of empirical sponsorship cases.

Our main focus are national and international sponsorships related to professional teams and major sports events in which we are able to underline roles and strategic behaviors of sponsors and sport entities.

The empirical analysis has been supported by a qualitative methodology. Data and information has been gathered using online secondary sources. Moreover, interviews with key executives and professionals involved within several sport sponsorships deals have been carried out.

Findings suggest that sport sponsorships are assuming the role of a huge variety of agreements—exchange transactions, collaborations, strategic alliances, cooperation, consortia, etc.—that involve multiple complementary assets (technology, distribution channels, financial resources, etc.) and functions (R & D, marketing, organization, etc.).

Furthermore, by implementing sports partnerships corporate and/or institutional actors are able to emerge among various stakeholders and to gain a global exposure.

sport; sponsorship; partnerships; economic recession

## KEYWORDS

## Introduction

In the light of the contemporary global economic context, companies face tremendous worldwide competition, the proliferation of brands, extremely volatile consumer demand, and information overload due to the increase in multimedia channels (TV networks, social media, mobile phones, etc.). Sponsorships can provide a meaningful tool to gain brand visibility, showcase products and services, and increase sales.

Sponsorship spending has grown significantly around the world, and it constitutes a remarkable proportion of corporate communication budgets. Nevertheless, in the recession context, companies have recognized that just paying for their logo's exposure, or purchasing television advertisements or in-stadium billboards, no longer provides a direct correlation between the sponsorship and its return on investment and on brand's image diffusion. Sponsors and sport brands need to change the combination of resources and interactions for achieving effective objectives.

The aim of the paper is to analyze the evolution of the contemporary sports sponsorships in order to illuminate patterns of relations among different stakeholders involved within a sponsorship process. The partnership perspective provides the analytical framework applied to a wide range of empirical cases for studying the roles and strategic behaviors of actors involved in a sport sponsorship arrangement. The case analysis has been supported by a qualitative methodology. Data and information has been gathered using online secondary sources. Moreover, interviews with key executives and professionals involved within several sport sponsorships deals have been carried out.

The observation of national and international sponsorship cases related to professional teams and major events<sup>9</sup> enables us to provide a reading of sponsorship in the frame of partnerships: from bilateral agreements to collaborations and cooperation. Sponsors and sport organizations pool and share various types of resources (technology, human and financial resources, etc.) and realize synergies with regard to multiple functions (R & D, marketing, etc.) in order to pursue several objectives.

Conclusions draw up some emerging issues and trends in the contemporary sport sponsorships industry.

## The Global Sport Sponsorship Market

Sports sponsorship has existed since the early days of sports. The roots of what we now regard as commercial sponsorship can be traced back to the "patronage" system of earlier societies (Meenaghan & Shipley, 1999). Philanthropic sport sponsorship was based on an activity where the entrepreneur-fan was primarily investing in his or her favorite sport team in order to gain his or her personal promotion within the society and also to increase the popularity of his or her firm. The investment made by the entrepreneur lacked of any form of strategic planning, and usually it was linked to a single event.

The contemporary commercial sponsorship is instead an integrated part of a company's communications efforts, motivated by profit and promotional policy, and based on a reciprocal relationship between the parties.

Despite the importance of sport sponsorship in the global economy, there is still a lack of consensus on the sponsorship's definition among researchers (Walliser, 2003). A proof of this is the presence of numerous conceptualizations in the literature.

Meenaghan's (1983) definition of sponsorship is one of the most often used: "Sponsorship can be regarded as the provision of assistance either financial or in kind to an activity by a commercial organisation for the purpose of achieving commercial objectives."

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<sup>9</sup> Since in the non profit sport sector there is still a lack of strategic planning in the field of sponsorship, in this paper we focus on professional sport teams and events in order to make a deeper application of the analytical variables drawn from the literature about partnership.

Another recurrent definition is by Mullin, Hardy, and Sutton (2000): sponsorship is “the acquisition of rights to affiliate or directly associate with a product or event for the purpose of deriving benefits related to that affiliation or association.”

According to the numerous definitions found in the literature, we propose the following one: the sport sponsorship is “any agreement by which an individual or a company (the sponsor) invests in a sport entity (athlete, team, league or event) (the sponsee) by providing funds, goods, services or know-how. The aim of the sponsor is to exploit sport passion, excitement and emotions to reinforce its image, create visibility and increase brand loyalty” (Zagnoli & Radicchi, 2011).

Sport has in fact developed from being a means for people to spend their leisure time into an enormous industry. It has been claimed that as sport is ultimately a way for all people to satisfy a variety of physical and entertainment needs, it provides an attractive means for international corporations to reach wide audiences (Zagnoli & Radicchi, 2011; Westerbeek & Smith, 2003). In addition to its commercial potential, sport is an enticing content for sponsorship because it is inextricably part of people’s lives and the level of emotion is high when it comes to people’s relationship with sport. Therefore, by linking their product to a well-known athlete or team by the means of sponsorship, companies aim to transfer associations from the sponsored entity to their own brand.

During the past few decades, the companies’ investments in sponsorship grew dramatically, and sponsorship has developed into a major global industry. Despite the lack of quantitative analysis about the sponsorship market, information on the evolution of worldwide sponsoring expenses provided by IEG (2013) reveal that in the last few years the global spending on sponsorship continuously increased: total sponsor amounts to be spent in 2013 were estimated at \$53.3 billion (Figure 1).

**TOTAL GLOBAL SPONSORSHIP SPENDING**

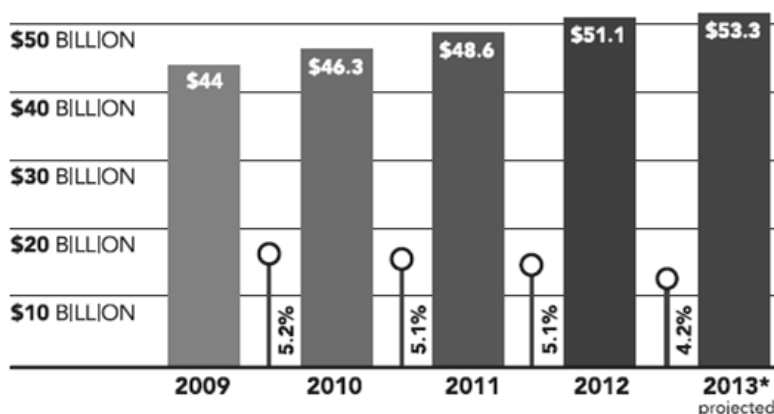


Figure 1. Total global sponsorship spending  
Note: From IEG, 2013.

Compared to the global sponsorship’s remarkable growth (Figure 1), not all the sport entities and not all countries are experiencing a rising value. Small- and medium-sized events are suffering most from the global crisis. This segment fails to involve large numbers of participants, and therefore it is not able to attract large sponsorship investments. Moreover, in terms of geographical

Among the different sectors where companies invest, sport dominates the total number of deals: in 2011, sport sponsorship accounted for 88% (Figure 2), slightly above the previous years. Despite the economic recession, at global level companies continue to finance disciplines and major sports events that may appeal to a worldwide audience, such as the Olympics, the football World Cup, or Formula 1.

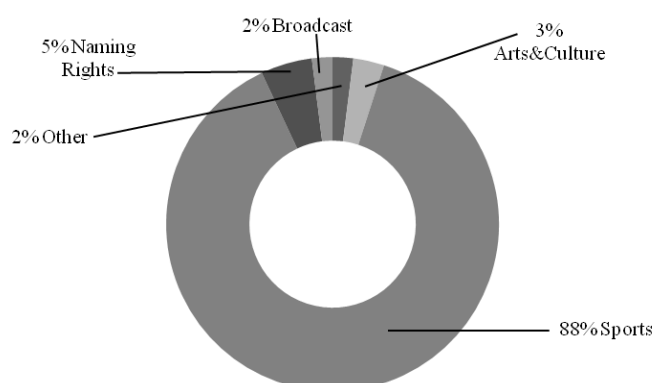


Figure 2. Share of reported sponsorship deals by category, 2011  
Note: From IFM, *The World Sponsorship Monitor*, January.

markets, for example, in Italy, recent studies reveal a decrease in the sports sponsorship value (Figure 3). These results are a clear consequence of the financial recession and the unstable economic situation of the country.

Furthermore, a reason for this cutback on sponsorship investments is arguably the massive fiscal control policy recently implemented by Italian institutions against money laundering and tax evasion through the sport sector. For many years, several companies have profited by a context that was out of any administrative audit, thus escaping from fiscal controls. The new trend induced a sponsorship decrease since small-scale events and nonprofit associations do not grant an effective return on the real investment made by the sponsors.

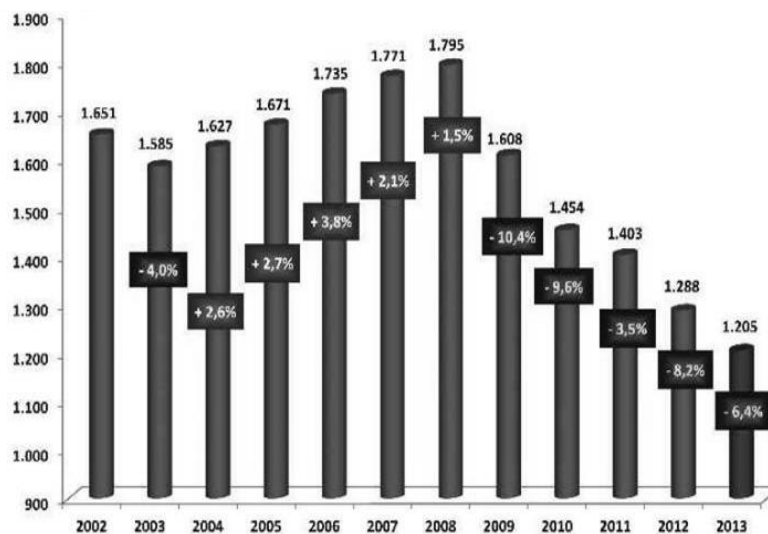


Figure 3. The Italian sponsorship value (Millions of €)

Note: From Stage Up-Ipsos, "Indagine predittiva sulle sponsorizzazioni," 2013.

### Sport Sponsorship as a Marketing Communication Tool

In light of the definitions previously stated, sport sponsorship is a complex phenomenon that falls within the strategic communication mix used by a company to position its product or service on the market. Sports sponsorship is a form of advertising through sport, and it is therefore different from the traditional advertising.

First of all, there is a difference in the messages that sponsorship and advertising convey. Advertising is more direct and explicit than sponsorship. Sponsorship is often targeted toward an audience on an emotional level and it is dependent on the affective relationship between the sponsorship's target group and the sponsored entity (athlete, team, etc.).

Moreover, an advertising message is a "mixture of visuals, vocals and contexts" (Meenaghan, 1991), whereas the message sent out by sponsorship is nonverbal and delivered in association with sport, thus the promotion is indirect. The audience also tends to react differently to sponsorship than to advertising. Sponsorship is argued to have a special "goodwill factor" (McDonald, 1991): People usually consider the sponsorship investment to have a positive impact on the sport entity's activity (Meenaghan, 2001) since it contributes to implementing sport practice and events. Therefore, consumers' attitude toward sponsorship is more favorable than it is toward advertising.

In addition, sponsorship usually reaches people during their leisure time, when they are more receptive and committed to the sport event. Moreover, sponsors can approach people and enable them to experience and interact with the sponsor's products (Sneath, Finney & Close, 2005). So the sponsorship plays an important role in the marketing strategy of a company because it is a particularly penetrating and incisive promotional tool for the sponsor's brands and products.

Among the wide range of possibilities between advertising and sponsorship, it is crucial to understand why companies decide to support a sporting event, team, or athlete, and which elements drive firms in their sport sponsorship choice.

Sport is a social and cultural phenomenon that acts as a “medium” to convey a message. Sport communicates values such as dynamism, strength, and youth; it creates passion and engagement in the audience, inducing a kind of “spontaneous association” with the sponsor (Zagnoli & Radicchi, 2011). Although especially in the nonprofit sector the sport sponsorships management is often extemporary and due to the sponsor’s passion or to the sport clubs financial needs, generally the decision to sponsor an event, a team, or an athlete is addressed to accomplish specific business goals (Mastermann, 2007). Moreover, corporate sponsors assess the sponsorship effectiveness, or should be able to, with regard to the return on investment and to their brand’s image attractiveness.

In terms of marketing communications, companies have a tendency to set quite a variety of objectives for sponsorship related to brand awareness, brand image, and sales (Figure 4).

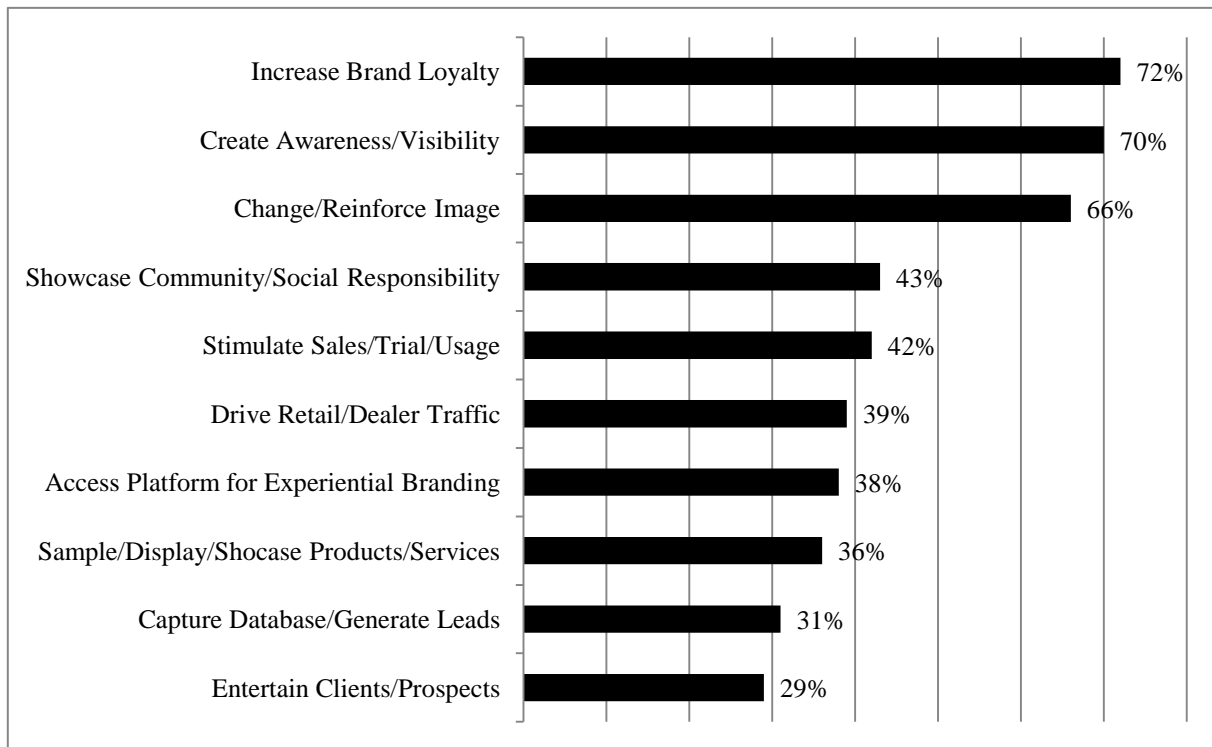


Figure 4. Sport sponsorship objectives  
Note: IEG, 2013.

As Figure 2 points out, among the different forms of sponsorship that a company might choose, such as arts and culture, public and social activities, etc., sports sponsorship is preferred. Especially major sports like football, basketball, and cycling have a wide level of attractiveness, and in terms of market segments, they reach various cross-sections of the population. Therefore, the visibility of a sport event, team, or athlete can ensure a greater brand exposure compared with other sponsorship contents. Increasing brand loyalty (72%) and enhancing brand awareness and recognition (70%) among current and potential customers often belong to the main objectives of a sponsorship (Apostolopoulou & Papadimitriou, 2004).

The purpose of a sport sponsorship might be to change or reinforce the image of a company (66%), by identifying it with a particular market segment, differentiating it from other firms, or altering the consumers’ perception of the brand. The aim of image transfer from the sport entity to the company has been highlighted as the main reason to choose a specific sponsorship content. As a sporting athlete, team, or event is often associated with particular meanings and images, the strategic sponsor’s desired outcome is to link sport emotions to its brand entity into the minds of the target audience (Aaker, 1991). The sponsor aims to influence the target groups’ perceptions about its products and services.

In light of our empirical research, it emerges that over the last years, sport sponsorship relations moved from the conventional logo exposure next to the name of a professional sports athlete, team, facility, or event: If the sponsorship is developed according to a strategic communication plan, both partners might reach high levels of effectiveness. On the one hand, the sponsor increases the visibility of its brand. On the other hand, the sports entity can gain economic support as well as enhance its popularity in the sponsor's market. When the sport organization is a winner in the sport competition, the result is a virtuous circle that enhances brand value, image, and popularity of both partners, the sponsor and the sponsored entity.

The final outcome may even overcome the mere monetary income when the sponsorship becomes a long-lasting relationship able to involve multiple functions (R & D, marketing, organization, etc.).

According to these considerations, the next paragraphs analyze the contemporary sports sponsorships in order to illuminate the rising patterns of relations among sport organizations and other actors involved in a sponsorship process.

### The Evolution of Sport Sponsorships: Moving Toward Strategic Partnerships

Sponsorship in its traditional form is evolving toward an activity that is engaging many stakeholders (Figure 5) that pool resources and share complementary assets (technology, facilities, marketing capabilities, distribution channels, etc.) to reach effective objectives.

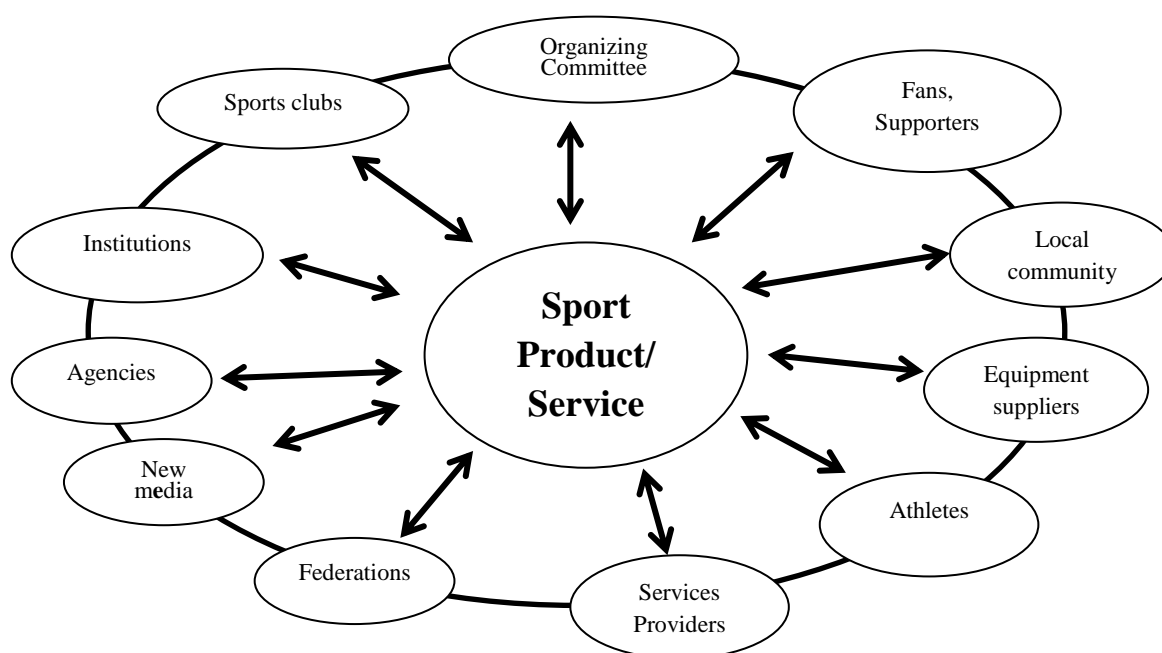


Figure 5. Stakeholders in sport sponsorship  
Note: Adapted from Zagnoli & Radicchi, 2011.

This is due, on the one hand, to the complexity of the sport product: Several actors such as sports clubs, suppliers, distributors, institutions, and media are involved to implement specific sports projects (matches, tournaments, events). On the other hand, this complexity is combined with a growing level of investments, which induces sports organizations to establish a network of collaborative relationships (Normann & Ramirez, 1995) with a wide group of stakeholders (Freeman, Harrison & Wicks, 2007), such as TV, equipment suppliers, distributors, agencies, and financial institutions.

The network orientation becomes an essential element of the sponsorship arrangement as well, both to respond adequately to variable and diversified customers segments (fans, supporters, amateur practitioners, etc.), and to maintain a competitive position in the market (Zagnoli & Radicchi, 2011).



Sponsors and sport organizations realize multiple transactions conceivable as different interfirm agreements. Within the industrial sector, over the years several forms of agreements have been studied. As Figure 6 points out, interfirm agreements are identified on the basis of four variables:

- a) nature of the transaction (unilateral or bilateral transactions/cooperative transaction);
- b) purpose of the transaction (R & D, manufacturing, marketing, etc.);
- c) intensity of asset specialization (general assets/cospecialized assets; and d) kind of financial involvement (equity/nonequity).

Transactional typology	Financial typology	
	<i>Nonequity</i>	<i>Equity</i>
Exchange (reciprocity/different goals)	Contracts/Short- and medium-term alliances	Majority <i>Joint venture</i>
Subject: <i>technology transfer, cross-licensing, second source, forniture, licenza commerciale.</i>	[1]	Minority financial participation
Cooperation (reciprocity/common goal)	Contracts/Short and medium term alliances	[2] Equal <i>Joint venture</i>
Subject: <i>Joint R &amp; D, integration of know-how, productive integration, commercial, and distributive integration.</i>		Consortium
Specificity of resources (k)	[3] Significance (+)	[4] High (+ +)
<i>Diseconomies of scale</i> (d)	Significance (+)	Of no importance (0)

Figure 6. Typologies of interfirm agreements  
Note: Adapted from Zagnoli, 1988.

The partners' bargaining power is balanced in relationships that are defined symmetrical, while in cases where it is unbalanced, the relation undertakes various degrees of asymmetry.

Unilateral and exchange transactions are the most usual way for coordinating different activities among firms. In these kinds of agreements, partners have different purposes and the interaction among them is limited to the exploitation of diverse assets previously and independently developed within the firms.

Instead, in cooperative agreements, partners have a common purpose, and to reach this goal, they need a mutual "assets co-specialization" (Zagnoli, 1991), sharing resources, capabilities, and assets. Furthermore, cooperative transactions entail a symmetric involvement aimed at implementing innovative products and services.

Between these two extremes, there are collaborative agreements where each partner pursues a specific objective complementary to the others, sharing resources and activities to achieve a successful outcome.

The analytical framework on interfirm agreements (Figure 6), tested on the empirical evidence in the sport sector, enabled us to grasp the articulated configurations of partnerships. Between exchange agreements and cooperative agreements, there is a dynamic format that entails collaborative partnerships (Figure 7).

Transactional typology	Financial typology	
	Nonequity	Equity
<p>Collaboration (reciprocity, common sporting goal, specific economic goal for each partner)</p> <p>The interaction among complementary resources enables to involve partners in new sporting and business goals, which entail a specific return on investment for each partner</p>	<p>Contracts of:</p> <ul style="list-style-type: none"> <li>• Cotechnology</li> <li>• Cotesting</li> <li>• Coorganizing</li> <li>• Comarketing</li> <li>• Commercial, distributive, communication collaborations</li> <li>• Sponsorship</li> </ul>	<ul style="list-style-type: none"> <li>• Minority financial participation</li> <li>• Joint venture</li> <li>• Ownership control</li> </ul>

Figure 7. Collaborative agreements in the sport industry

Note: Adapted from Zagnoli & Radicchi, 2011.

Collaborative partnerships found in the sports industry are mainly nonequity and are promoted by a number of stakeholders that widely varies, ranging from two to X with regard to the specific goal and content of the agreement. Actors involved within a sport partnership can access different types of complementary resources and capabilities, from technological know-how to marketing expertise to distribution channels to communication capabilities. The sport industry is a specific context where different stakeholders are committed to pursue the common goal of a successful game result. At the same time, each partner is interested in pursuing its own goals in terms of image diffusion, economic return, and reaching potential customers.

The following sections, in the light of the sports industry's observation, attempt to provide a reading of sponsorship interpreted in the frame of collaborative partnerships.

### Cotechnology in the Frame of Collaboration and Competition

With global competition, the complexity of the sports industry is facing rapid technological changes and rising R & D costs. This process induces different kinds of technological collaborations among sport organizations and their equipment suppliers. The R & D investments for specific disciplines (auto racing, sailing, skiing, etc.) are often very heavy for a single sport club. Thus, companies strive to share the high risks and costs related to the development of projects and activities. Sponsor partnerships involving the collaboration of two or more entities sharing their complementary technologies entail effective cotechnology agreements (Zagnoli, 1991).

The Ferrari company offers an emblematic and comprehensive example of a sponsorship conceivable as a cotechnology partnership. Ferrari manufactures an industrial product (the car) that, for engineering and performance, is based on simulation models and assembly subsystems developed in collaboration with their suppliers. In this case, each supplier represents "excellence" for its level of specialization in the cotechnology. Ferrari's technical partners provide the complementary technologies (Teece, 1986) required for the performance of the focal technology (the car). Gasoline (Shell), tires (Bridgestone), electronic devices (AMD), braking systems (Brembo), power system (Weichai), and so forth are key supporting technologies whose advancements are crucial to the success of the sports product (car) and its performance on the field. Collaboration is aimed at implementing joint R & D projects and integrating the partners' know-how. The goals are:

- to enhance the Formula 1 car quality and its performance during the races;
- to improve the complementary technologies' performance;
- to manufacture a specific car marketable to the final consumer.



In the sport disciplines where technological complexity is a key element, excellent sporting performance based on equipment innovation and advancements should be driven by competition between technical suppliers and other firms operating in their respective industries. As for the game on the field, where players are inspired by “rivalry” and by a competitive spirit for winning, the sense of competition with companies placed outside the agreement is a stimulus for productivity, by motivating technical suppliers to do their best and to find the technical solution that fits and can guarantee a successful sport result.

From the empirical evidence, we observe that in cases where sport organizations manage a long-lasting collaboration with their suppliers, there is a decreasing perception of challenge and competition with other firms, and in the long run it can be tough to get a winning result. Losing games are no longer attractive for supporters and therefore for the market, even if the sport club has a globally known brand. Collaboration needs interplay with competition. This is a crucial avenue to obtain and maintain a strong strategic advantage.

### **Commercial Partnerships in the Global Context**

Sponsorships in a global context are becoming more strategic (Kotabe & Helsen, 2004). The main common goal of sponsor and sport entities is to have a good and possible winning sports result able to encourage global attention. Cross-border sponsorships have been getting more and more diffused as a competitive strategy for sport organizations and other stakeholders to span their respective commercial actions on a global scale (Porter & Fuller, 1986). Moreover, major leagues and top professional clubs are profiting from global collaborative sponsorship with other stakeholders mainly for penetrating international markets (Pitts & Stotlar, 2013). As for other products and services, sport brands and disciplines are becoming “mature” in certain countries. One of the key avenues to achieving new customers (supporters, fans, practitioners, etc.) is to broaden their product or service through collaborative global sponsor agreements (Radicchi, 2007). Industrial and consumer goods companies on their side enter into strategic international sponsorship with sport organizations for several reasons: opportunities for rapid expansion into a new market, speeding up new product or service introduction, reduced technological and marketing costs, and knowledge sharing (Kotabe & Helsen, 2004).

Consider, for instance, the eleven-year sponsor and licensing agreement signed in 2006 between the NBA and Adidas as the US league’s official uniform and apparel supplier. This collaborative agreement may have a strategic value in terms of globalization for both symmetric partners.

It gives the league a complementary asset benefit in terms of accessing the Chinese Adidas’ distribution channels<sup>10</sup> by fostering the NBA’s penetration into the Asian market. For the German brand, which is trying to increase its presence in the US by exploiting the league’s retailing channels, it is an additional step toward breaking into the American market with the aim of undermining Nike’s power. Within this agreement, the sponsor and the league are collaborating to take advantage of their respective distribution networks and to position their brands in new geographical markets. The main function involved is that of marketing. Moreover, this partnership entails R & D activities to develop new products. Adidas tests prototypes of basketball shoes and apparel using the NBA athletes. The collaboration therefore favors the implementation of new Adidas products that can be provided to the global consumer market. Besides, excellent sporting equipment reinforces game results of basketball teams that can ensure exciting matches for supporters, thus enhancing the NBA’s fans loyalty.

### **Local Identity and Supply Chain Partnerships**

The importance of the local context is well known in the economic literature (Becattini, 1989; Becattini & Rullani, 1993; Lloyd & Dicken, 1979). Even in the sport industry, despite the general trend of

<sup>10</sup> Adidas is selling a full range of NBA products throughout its retail locations worldwide, including the 2,100 Adidas stores in China.

globalization, the strong identity between sport organizations and their local environment is still highly relevant. We found plenty of cases where single, small, local entrepreneurs invest to provide funds for local sport clubs to achieve the right to promote and showcase their products and brands. This is a common case of an exchange agreement in which each partner pursues its own goal: The sponsor boosts its logo's visibility, and the sport club gains financial support. In these cases, there is no strategic awareness about the importance of winning results both in the sport competition for the team and in product marketing for the sponsor.

The empirical evidence reveals more complex configurations of agreements based on conscious enhancement of local identity. Consider, for instance, the Italian football club Sassuolo Calcio<sup>11</sup> that in few years has been able to reach the First Division Serie A. Since 2003, the team has been sponsored and owned by Mapei, a leading Italian chemical firm specialized in glue for the ceramic tiles industry. The sponsor has a majority equity participation into the club. Benefits for the sport entity are a crucial financial support from the owner, as well as managerial and organizational resources and capabilities' shifting into the football club. The owner, by investing in a professional sport team, can increase its own visibility and broaden its products and brand image into wider business-to-business and business-to-consumer markets.

Moreover, the main sponsor is informally linked to a wide group of local sponsors: small- and medium-sized firms operating in the local tiles industrial district. This kind of sponsorship is conceivable as a cooperative agreement in which partners accomplish a symmetric relation. By supporting the sport club, all the members of this sponsor pool strive to reach the common goal of promoting and strengthening the ceramics supply chain, the manufacturing companies and the suppliers (Mapei) within and outside the local context. The meaning of this partnership has a cooperative dimension as well: it aims at developing the local identity's image and strengthening the economic local productive structure, facing the rebound of the contraction in the building industry.

Over time, some professional sports clubs have developed managerial approaches aimed at creating a network orientation with the goal of "splitting up" their business risk, enhancing the synergies among sports clubs, institutions, and local companies. For example, in basketball were born nonprofit consortia, such as the Italian "Pesaro basket"<sup>12</sup> linked to the basketball team Scavolini Pesaro or the consortium "Varese nel cuore"<sup>13</sup> associated with the basketball team of Varese. The sport club gains financial support from a pool of local companies coming from different industries, which provide a minority equity participation in the team.

Consortia in basketball are cooperative agreements in which partners share the common goal of funding the sports clubs and promoting the local territory, in addition to creating a relationship network among the affiliated companies. Through this cooperation, the consortium's members symmetrically share and exploit reciprocal assets, mainly in terms of distribution, marketing, and promotion.

### **Governmental Sponsorship**

A close connection between sport and national states has always been existed. In many countries, the sportive organization mirrors the local sociopolitical structure. Moreover, sport is usually a "vehicle for ideologies and consensus" (Vinnai, 1971). In the contemporary global sport industry, new evidence is emerging that the state and the local government become the main sponsor of major events and elite sports. The goal of a governmental sponsorship is mainly a marketing one: It can be both to boost the popularity and

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<sup>11</sup> <http://www.sassuolocalcio.it>

<sup>12</sup> See <http://www.victorialibertas.it/index.php/mktg-sponsor/consorzio-pesaro-basket>

<sup>13</sup> See <http://www.varesenelcuore.it/>

visibility of a little-known country<sup>14</sup> as a tourism destination and to enhance the global image of local products and companies.

An interesting example of the institutional dimension of the sport sponsorship is the case of the Astana Professional Cycling Team<sup>15</sup>, which is treated like a “national club”. Since 2007, the team has been financed and sponsored by a Kazakhstan national holding<sup>16</sup> and by a group of local companies operating in several industries<sup>17</sup>. In this case, there is a strong overlapping among the different stakeholders involved within the sponsorship: the government, the state-owned companies, the national sport federations, and the team. This sponsorship can be classified as a “national” cooperative agreement in which all partners, by sharing financial, managerial, and technical resources, pursue the same goal: to showcase the economic and elite sporting power of the country. Moreover, there is a marketing virtuous circle for sponsors and sponsees. By strongly funding the cycling team, this latter can gain successful results in international competitions. Thus, the name of Astana, Kazakhstan’s capital city, is globally mentioned and recognized. This is a strategic promotional means to internationally boost the country’s visibility and tourism attractiveness, besides fostering its local businesses.

However, the coincidence between public institutions and sponsor nationality seems not to be usual anymore. For instance, the major sport Italian cycling event Giro d’Italia<sup>18</sup> has been supported by the Taiwanese government. As a sponsor, we had the Taiwanese government<sup>19</sup> with the consortium Taiwan Excellence<sup>20</sup> that put together Taiwanese manufacturers operating within the cycling supply chain on the edge of R & D. The main aim was to boost both the international brand image and reputation of Taiwan and its cycling industries in the global business arena, as well as to facilitate Taiwanese firms in diffusing their own brands.

This is an unusual case of institutional sponsorship: Generally, governments support their own teams and events to enhance the value of sport in order to boost local economies and to build a tourism destination. In this case, a public institution is investing in a global event hosted in a foreign country. Thus, we attempt to define this agreement as a cross-national governmental sponsorship. This case highlights a strong “asymmetry” between the sponsor and the sport entity. Even though the event provides an international visibility to the host country, it would not be financially sustainable by the local organizers. Therefore, the event’s organizers receive as a benefit strong monetary support from a foreign government. The event’s host destination is not able to appropriate and to spread the value created that instead is managed and exploited by the overseas sponsor to promote its excellence and its own local businesses and, above all, to develop its own R & D activities.

<sup>14</sup> Mega sports events can yield extraordinarily high levels of media coverage for the host country: Globally mentioning the event in combination with the name of the country helps to promote and to diffuse its image on an international stage.

<sup>15</sup> The team is named for Kazakhstan’s new capital city.

<sup>16</sup> National rail and air companies, as well as state-owned mining, oil, and gas companies are all consolidated into the fund Samruk-Kazyna.

<sup>17</sup> The Astana Group is an umbrella company for Astana Motors (foreign car import and sales), Grain Industry (grain and food production), and Mega Development (shopping and entertainment center development).

<sup>18</sup> The Giro d’Italia cycling tour is hosted every year in Italy: This is considered one of the most important global sport event, with an audience of millions of people spread in 167 countries in five continents (Nielsen, 2011).

<sup>19</sup> This initiative has been supported by the Taiwanese Ministry of Economic Affairs, organized by the Bureau of Foreign Trade (MOEA) and implemented by the Taiwan External Trade Development Council.

<sup>20</sup> <http://www.taiwanexcellence.com>

## Conclusion

The purpose of this paper was to highlight the rising patterns of relations among sport sponsors and sponsees during a general context of recession. The research work, carried on over the last two years within the Sport Management Lab<sup>21</sup> of the University of Florence, has been based on an empirical observation of major sport sponsorship deals that involve professional teams and big-scale events. Through the mean of partnerships' analytical framework, the empirical observation enables us to point out some issues and trends in the sponsorship industry.

Sport sponsorships have broadened their complexity compared to the conventional exposure of a logo on a jersey or an in-stadium sign. Moreover, sport sponsorship is preferred over advertising since it is usually targeted toward an audience on an emotional level, and it is a particularly penetrating and incisive promotional tool for the sponsor's brands and products.

Sponsors and sport organizations are developing new combinations of transactions that can be featured as different kinds of interfirm agreements. With regard to the nature of the relation, the empirical evidence highlights that collaborative partnerships are the prevailing model compared to the more complex configuration of cooperative agreements. Sponsors and sponsees collaborate to reach a common sporting goal—the successful result on the field—by sharing skills, capabilities, and resources. However, each partner gains a specific feedback in terms of return on investment, brand image, and visibility.

Cooperative transactions seem to be more diffused to strengthen the relations among firms and sport organizations in a specific local context. The observation of the sport industry reveals that companies invest in local sport organizations by creating pool of sponsors or formal consortia as a meaningful tool to boost the visibility and popularity of their products and brands and to strengthen the local supply chain both within and outside the local context.

To obtain a strategic advantage, collaboration and cooperation needs interplay with competition. Instead, it is possible that the economic recession encourages sport organizations to maintain the existing collaborations in order to gain a sort of financial stability through sponsorship. The possible risk is to lessen the competitive challenge necessary for innovation. For companies to be innovative, relationships should be rather “unstable,” based on cooperation and competition processes stimulating partners toward new goals.

With regard to the purpose of the transaction, sponsors and sport entities share various types of resources (technological, infrastructural, human, financial, distributive, etc.) able to implement a wide range of processes such as cotechnology, comarketing, commercial arrangements, etc. Much depends on the level of each sport discipline's technological complexity and on its own life-cycle stage. Since leagues, federations, and sport clubs are attempting to adopt an internationalization strategy, we found that several sponsorships are global in scope. Even in this case, the prevailing form of contract is that of collaboration: On the one side, sport organizations can broaden their brands to reach worldwide potential fans and supporters. On the other side, non-sport-related firms can benefit from the access to technological complementary assets, can expand their distribution channels, or span their markets by exploiting the sports clubs' name.

With regard to the role of actors involved within a sport sponsorship, the empirical evidence highlights a new governmental dimension. Even though for many years local communities and state institutions have pushed a lot to host mega events (see Zagnoli & Radicchi, 2009; Zagnoli & Radicchi, 2013) and to foster national elite teams, within the recession context, an additional trend is rising. Emerging economies especially are investing as sponsors to support major events to be held in other countries, mainly in the Old World. Nations that are mostly underdogs in this crisis (such as Italy and others from southern Europe) are not capable of financially sustaining the mega events that take place inside the country. The relations among sponsors and sport entities in this case are terribly asymmetric: Much of the value is exploited by the foreign

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<sup>21</sup> <http://www.managementdello sport.it>

government, and the event is just a means to showcase products and services designed, developed, and implemented in other geographical markets.

In the contemporary critical global economic processes, sports sponsorships entail an amazing variety of agreements and partnerships. We tried to focus on empirical evidences from sponsor partnerships that are arising in a context where some “old powerful developed countries” are declining and some new emerging ones are increasing their value and their production in the economic stage. The sponsorship process confirms the sport value: Sport is a key meaningful element all over the world. It is not only a “resource” that should be fostered by the host nation to achieve other non-sporting-related objectives (urban renewal, improving infrastructures, increasing tourism attractiveness, etc.). Sport events especially are becoming brands and marketable commodities to be leveraged by foreign economies as well. The value of sport for the host country is therefore less clear since sport identity is becoming less and less linked to its cultural and historical roots, brand names, and local resources.

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