
SPONSORSHIP EVALUATION IN SOUTH AFRICA

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Sponsorships are regarded as a marketing communications activity. This is seen as an investment made by an organisation that needs to be evaluated in terms of its return and contribution. Sport sponsorships have increased in South Africa since re-admittance to the international sports arena. There are various objectives for sponsorships. The identification of these objectives is important for the evaluation of sponsorships. The article proposes some guidelines for the evaluation of sponsorships.

BACKGROUND

Sponsorship of events, sport and broadcasts has increased in prominence in the past ten years, largely due to an increase in sponsorship opportunities since the release of Mandela and South Africa's re-entry into the global sporting arena. This has demanded the investment of increasing amounts of money in this aspect of marketing communication. In 1987, the amount of money invested in sponsorship was R85 million (Koenderman 1988:117). The figures for 1996 indicate that approximately R650 million was invested in all types of sponsorships, an increase of 665% over this period (Koenderman 1997:75). The estimated investment in sponsorship in 1999 amounted to approximately R1 049 million (Koenderman 2000:97). This reflects growth of 25% to 30% per annum in sponsorship investment, which is larger than that found in other marketing disciplines (Koenderman 1997:75). Approximately the same amount of money is spent on radio advertising and on sponsorships in this country annually, indicating the relative importance and widespread use of sponsorship by organisations in South Africa (Koenderman 1997:75).

THE TERM "SPONSORSHIP"

A sponsorship is the marketing communication activity whereby an organisation contractually makes a financial or material investment in an individual, activity or broadcast in order to achieve pre-determined objectives for the organisation among the members of the organisation's target market (Abratt *et al.* 1987:300; Association of Marketers 1997:1).

This definition acknowledges sponsorships as a marketing communication activity which seeks to achieve marketing and marketing communication objectives for the organisation. This is in contrast to other definitions, which refer to it as being either a corporate or a marketing activity. Sponsorship is always an investment made by the organisation, although it may be of either a financial or a material nature.

THE PROBLEM

Any financial investment is constantly evaluated by the organisation to determine its performance with regard to its return and the contribution made to the organisation. Should the investment not be performing adequately (as required by the organisation), the investment will be changed or halted. As sponsorship is a form of investment, it needs to be evaluated like any other financial investment, more particularly in terms of its required performance. The sponsorship is required to yield a commercial benefit for the sponsoring organisation, and evaluating the benefit is important to its continued use by the organisation (Meenaghan 1983:9).

Sponsorship and the evaluation of sponsorship performance presents an opportunity within South Africa as more sponsorships are being entered into and the amount of money being invested keeps increasing. Organisations are convinced of the importance of sponsorship evaluation, yet find it difficult to decide how the sponsorship should be evaluated and what methods should be used to do so. The methods selected must suit the sponsorship and the objectives set for it.

SPONSORSHIP OBJECTIVES AND SPONSORSHIP EVALUATION TOOLS

Sponsorship objectives

Various sponsorship objectives have been identified in the literature (Meenaghan, Pope, Thwaites). The identification of sponsorship objectives forms a crucial part of the decisions relating to sponsorship evaluation. Without a clear objective for the sponsorship, its evaluation becomes difficult.

The main sponsorship objectives are summarised in table 1 below.

Table 1: A summary of the main sponsorship objectives

Objective	Description
Corporate	Using the sponsorship to change the attitude, image and awareness among those inside and outside the organisation toward the organisation as a whole
Product	Using sponsorships to affect the image, awareness, market share and sales of the organisation's product
Sales	Increase in the number of units sold over time
Media	Obtaining coverage and publicity for the organisation in a variety of media
Entertainment	Hospitality afforded to clients, dealers and staff to reward, thank and motivate them
Personal	Selected by the CEO of an organisation through personal interest
Communication	Using the sponsorship to affect the image of the organisation and awareness among the target market
Other	Dealer response; number of spectators; motivation of sales representatives; global awareness

Sources: Abratt *et al.* 1987:306; Crimmins & Horn 1996:11; Meenaghan 1983:17-24; Meenaghan 1991:10; Parker 1991:22

Sponsorship evaluation

The nature of each objective determines the sponsorship evaluation tools used to evaluate the sponsorship investment. Such an evaluation will indicate whether the sponsorship was successful with respect to the nature and size of the return, if any, accruing to the organisation. Various methods of sponsorship evaluation have been identified. These include advertising-based, sales-based and sponsorship-specific methods. The table 2 summarises the more important sponsorship evaluation tools identified in the literature.

THE STUDY

The overall objective of the study was to examine the evaluation of sponsorship in South Africa. Due to the relationship between evaluation and the pre-determined sponsorship objectives, this could only be done by determining what objectives, if any, have been set by organisations involved in sponsorship.

Primary research was conducted among organisations who were sponsors of events, individuals and broadcasts in South Africa. These sponsors were asked to indicate the sponsorship objectives and evaluation methods used to evaluate a sponsorship as well as the extent to which they believed that a long-term sales effect can be determined. The research universe comprised 121 past and present

sponsors of events and broadcasts. The instrument was a self-completion questionnaire, and use was made of both personal and mail delivery. A response rate of 42% was obtained.

Table 2: The more important evaluation tools for sponsorships

Evaluation method	Aspect measured	Evaluation tool
Advertising-based methods	Awareness; media coverage; exposure; attitudes	Awareness measurement; Exposure measurement; Audience/viewership size; Liking/ favourability rating; Consumer surveys; Attitude surveys; Tracking studies; Consumer surveys; Sort and count/coupons; Opinion measurement
Sales-based measurements	Sales effects	Direct sales measurement; Econometric analysis; Financial statements; Cost-benefit analysis; Market share analysis; Generating sales leads; Controlled experimentation; Return On Investment; Investment techniques
Sponsorship-specific methods	Sponsorship-specific effects	Persuasion impact equation; Sponsorship effect model; Hospitality evaluation; Dealer response; Sponsorship effect model; Spindex method; Pepsi and Gillette methods
Other methods		Gut feel/subjective evaluation

Sources: Abratt & Grobler 1989:353; Crimmins & Horn 1996:13; Howard & Crompton 1995:364; Hunter 2000:16; Koekemoer 1989:321; Meenaghan 1983:47-50; Parker 1991:22.

RESEARCH RESULTS

Findings regarding sponsorship in South Africa

Sport is the area of sponsorship activity for 52,3% of respondents, with the sponsorship of art and education some way behind in their use.

Three out of ten respondents (31,9%) indicated that they invested less than half a million rand (R500 000) in sponsorships, reflecting the widespread use of sponsorships at lower levels of financial investment.

Sponsorship support (leverage) of 80% to 100% of the direct sponsorship investment is recommended in the literature. It was found that no additional sponsorship support was given by 13,7% of respondents and a further 29,4% of respondents made provision for less than 20% of the original sponsorship investment in the form of leverage. In total, 43,1% of respondents invest less than 20% of the sponsorship investment in the form of leverage.

Reasons for the use of sponsorships and the benefits accruing from their use

Attaining brand/product awareness was identified as the key role of sponsorships. Social responsibility and corporate image building are also considered to be key to sponsorship involvement. Reasons not indicated as reasons for involvement in sponsorships are corporate and client hospitality, dealer relations and the personal interest of the CEO.

Media coverage/publicity was identified by nearly three out of ten respondents (41 respondents or 28,3%) as the desired benefit accruing from the use of sponsorships. Corporate/product image was indicated by nearly two out of ten respondents (24 respondents or 16,6%) as being a specific benefit of their sponsorship involvement. Sales benefits were identified by slightly more than one in ten respondents (15,2%).

Findings concerning sponsorship objectives

The following objectives were identified as being set by sponsors:

- Brand awareness objectives had the highest frequency among the respondents, with more than four out of ten respondents (41 respondents or 45,6%) indicating this objective for their sponsorships.
- Publicity/media mention objectives were set by 39 respondents (43,3%).
- Social responsibility (community relations) objectives were set by 37 respondents (41,1%).
- Corporate image objectives were set by 36 respondents (40,0%).

All these objectives have, as a primary focus, communication with the target market.

Sales objectives as sponsorship objectives

Three out of ten respondents (30,0%) stated that they set a sales objective for their sponsorships. A sales objective was set by 43,6% of respondents involved in sport, contrasted with 31,3% of those involved in arts sponsorships.

Findings concerning sponsorship evaluation tools

All sponsorship evaluation tools identified in the literature were presented to the respondents. The respondents were asked to indicate which tools they use in the different areas of sponsorship in which they were involved. The respondents were free to indicate as many of the evaluation tools as desired.

Advertising-based sponsorship evaluation methods are methods that evaluate the communication effectiveness of sponsorships. Examples of these methods include awareness and attitude surveys. The advertising-based methods, namely media exposure (46,7%), awareness surveys (41,1%) and attitude surveys (39,4%) were the sponsorship evaluation methods with the highest frequencies.

Sales-based evaluation methods included cost-benefit analysis (23,3%), return on investment (23,3%), and market share analysis (21,1%). These tools did not appear to receive the same levels of support as the advertising-based methods.

Sponsorship-specific methods such as the persuasion impact equation had the following overall frequencies of use among respondents - dealer-response (16,7%), survey among guests (10,0%) and persuasion impact equation (5,6%). These constitute some of the lowest frequencies identified.

Approximately one in five respondents (21 respondents or 23,3%) said their organisation used subjective evaluation as a sponsorship evaluation tool.

Specific sponsorship evaluation tools used

The following sponsorship evaluation tools were identified by respondents:

- Media exposure as a sponsorship evaluation tool is recorded by 46,7%;
- Awareness surveys (41,1%);
- Attitude surveys (34,4%);
- Audience/viewership size, 27 respondents or 30,0%, of whom 18 used it in the evaluation of sport sponsorships;
- Subjective evaluation (23,3%). The use of subjective evaluation is greater among those involved in art sponsorships rather than sport sponsorships.

The use of direct sales measurement, although relatively limited, is more common in the evaluation of sport sponsorships (83,3%), rather than arts sponsorships (8,3%).

Evaluation tools in the various areas of sponsorship activity

Different tools can be identified in the evaluation of sponsorship activity.

- **Arts sponsorships:** Tools used to evaluate arts sponsorships mainly included media exposure, awareness surveys and attitude surveys. The use of subjective evaluation was also identified in this area of sponsorship evaluation.
- **Sport sponsorships:** The evaluation tools with the highest frequencies are media exposure, awareness surveys and attitude surveys. In addition, the frequent use of audience/viewership size, return on investment (ROI) and cost-benefit analysis to evaluate sponsorships is evident here. A reason for the use of these additional techniques could be the size of the investment in sport sponsorship, as well as the television coverage that sport receives.
- **Education sponsorships:** Media exposure and awareness surveys were indicated as being used to evaluate these sponsorships. The use of subjective evaluation as an evaluation tool was also indicated by respondents.

RECOMMENDATIONS

From the responses received, it is possible to propose guidelines for the evaluation of sponsorships, based on the objectives organisations set for the specific sponsorships in which they are involved. These guidelines are summarised in table 3 below.

Table 3: Specific sponsorship objectives and sponsorship evaluation tools

Objective	Evaluation tool	Situation/ circumstances	Proposed evaluation tools
Corporate	Media exposure; awareness and attitude surveys;	Changing situation in the organisation about which the target market must know or to improve image of the organisation	Advertising-based methods; sponsorship-specific methods
Product	Awareness surveys; direct sales effects	Stable/declining awareness of product; product launch	Advertising-based methods; sales-based methods
Sales	Direct sales; market share; ROI	Use of promotions together with sales to monitor sponsorship effects	Sales-based methods
Media	Exposure; awareness		Advertising-based methods
Entertainment	Hospitality measures Consumer surveys; Media exposure;	Morale and image benefits are desired	Dealer response techniques; hospitality evaluation; sponsorship-specific methods
Personal	Subjective evaluation		Subjective evaluation
Communication	Media exposure; awareness surveys	To change existing awareness and perceptions among the target market	Advertising-based methods
Other	Dealer support	product-dependent i.e. not used by all sponsors; useful when attempting to gain/improve shelf space	Dealer response; techniques; sponsorship-specific methods
	Audience/ viewership size	Specific to broadcast and print sponsorships	Audience measurement techniques
	Staff motivation	Internal to the organisation; name change or image and perception changes needed	Traditional staff motivation measures
	Global awareness	International expansion	Advertising-based methods.

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