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The Show that demystifies Economics Sport Industry – part 4

Sponsors

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If one thing's clear, the sporting world is a powerful arena in which to advertise products, from cars, to sportswear or even food brands. Today we will have a look at the different types of marketing that are currently employed in the sports world. We'll start of course with the most obvious one: direct sponsoring.

Sponsoring is a communication tool that essentially consists of making a link between two things: a brand and a sporting entity, or in simple terms an athlete or a sports team. For example, the players belonging to the Manchester United Football Club each have a massive Chevrolet logo on all of their club gear, and most prominently on the front of their team jerseys. The American car manufacturer pays the football club to put their name on the jersey to add visibility to the brand. In this particular case Chevrolet paid Manchester United a staggering £47 million for the year 2014 alone! Now this type of communication strategy, sponsoring, has two primary objectives: the first being to develop brand recognition through better visibility, and the second objective – and perhaps the most important – to build on the image of the brand. For example, for a brand like, let's say, Coca-Cola to sponsor an oil refinery, well, that wouldn't be the best way of building the best image as a beverage company. Sport is seen as a healthy hobby and so has a very positive image. For football clubs and even motoring sports, sponsors are an important source of income.

A second type of sports marketing would be 'naming'. Once again this type of marketing is used in all sorts of sports. Let's consider cycling, for example. Every year during the European summer the Tour de France takes place. Apart from football and the Olympic games, this particular cycling race is the most watched sporting event in the world. In the Tour de France there are teams of cyclists that have names such as Europcar. So this form of sponsoring aims to rename a team, or even a competition like the Carlings Cup or the Areva Meeting in athletics. As is the case with direct sponsoring, this is an important source of revenue for sporting clubs and institutions, and it's exactly for this reason that naming sponsorship is seen in almost all sports in the world, except during international events such as the Olympic games, or football world cup.

Material sponsorship is also a common form of marketing in sports. Essentially this is when a sponsor gives support in the form of material goods - most commonly this is simply in the form of money, without direct obligations from the beneficiary. Another way of thinking about this would be viewing it as a donation, in the form of a long-term investment for the

entity or person doing the donating! The most well-known examples of this would probably be the Qatari Al-Khelafi who is the president of PSG, or Roman Abramovitch, the president of the Chelsea football club.

Sports marketing is also evolving alongside new technologies, and has become an essential part of marketing. Sports exist in nearly every socioeconomic level, from the poorest to the richest. We've also seen a diversification of sporting sponsorships over time. At first it was very much sportswear brands such as Umbro, Adidas and of course Nike! But this has now evolved for almost every major brand trying to sponsor a team.

Tomorrow we'll have a look at the richest athletes in the world, and what exactly they do with their money!