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## MEASURABILITY OF CORPORATE SPONSORSHIP IN SPORT EVENTS

*”An empirical study of Ericsson’s and Stora Enso’s commitment in the 2015 FIS  
Nordic World Ski Championships in Falun”*

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Number of companies that get involved in sponsorship has been increasing over the years and today sponsorship is a fully global industry (Stotlar 2004). Despite this little research has been made in the area, and in particular in the field of corporate sponsorship and measurability. Some research made, often concludes that measuring Return On Investment from sponsorship activities is difficult why it rarely is discussed in the financial reports. In this thesis we aim to address the measurability of corporate sponsorship, through a multiple case study at two Swedish large corporations and their engagement in the 2015 FIS Ski World Championship. Among the conclusions it’s found that sponsorship and measurability is highly experience based. From experience a company can find ways to quantify and measure Return On Objectives. Being able to quantify and measure sponsorship activities a company can further increase level of sophistication in a managerial control system, and better find a purpose of sponsorship that maximizes value.

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# 1. Introduction

## 1.1 Introduction and background to the subject

From time to time Corporate Sponsorship (defined in section 1.2) is a topic discussed in Swedish media. A frequently asked question is whether a sponsorship activity made by a large Swedish company really adds value to the stakeholders of the company engaged in sponsorship activities. Or is it just an activity corporations involve into due to personal interest of executive management or important shareholders?

The main target for a company is normally to give owners and investors a decent return on their investment and reward for risk taking. Simply looking through a number of Annual Reports for some Swedish listed companies, one can quickly conclude that the word sponsorship is not frequently used. One conclusion to why sponsorship is not more frequent mentioned might be because companies face a challenge to describe how sponsorship contributes to the daily business and earnings. At the end this implies a problem to present a return on the owners and investors investment.

This clearly demonstrates and raises a topic that there is a need for more information regarding sponsorship and how the corporations take the decision to do a sponsorship activity and how they measure the return on their investment/activity – both from an external- as well as an internal perspective. Designing and using appropriate performance measurement systems are seen by many managers as the core element of the management control process (Anthony, Govindarajan et al. 2014).

There is a famous expression “What gets measured gets done” (Anthony, Govindarajan et al. 2014).

## 1.2 Purpose and Definition

The main purpose of this research is to evaluate the ability to measure the impact of corporate sponsorship activities from the perspective of a sponsor. We define corporate sponsorship as an operating company with profit as ultimate purpose, which decides to involve in an event as a sponsor. The company becomes sponsor since it provides resources and the event becomes

the sponsor object. When discussing the event organization we refer to the legal entity that is obligated to carry through the event. Return On Investment (ROI) is defined according to the general concept of the output (benefit) for each invested input (sacrifice).

## 2. Previous research

Despite the problem regarding the difficultness of expressing the value created, the number of companies that involve in sponsorship has been increasing over recent years (Stotlar 2004). As a result the sponsorship business has evolved into a fully global industry (Meenaghan 1998b). Billions of dollars are being spent each year, which off course raises the question how much value that can be extracted from such activities (Walliser 2003). Accurate numbers are hard to approximate but according to Stotlar (2004) an estimation was done by IEG in 2002 that concluded a worldwide number of 26,4 billion USD.

Cornwall and Maignan (1998) did an extensive research in the field of sponsorship according to the following five areas; Nature of sponsorship, Managerial aspects of sponsorship, Measurement of sponsorship effects, Strategic use of sponsorship and Legal and Ethical considerations. Below we will discuss the areas of previous research that we believe is relevant to our thesis. Due to this the perspectives of Strategic use of sponsorship and Legal and Ethical considerations we have chosen to exclude since we do not find these areas particularly relevant to the aim of the study.

### *Nature of sponsorship*

Cornwall and Maignan (1998) concluded in their review that the definition of sponsorship differs to great extent between different published papers. However there is no actual consensus of a general description regarding the nature of sponsorship. Walliser (2003) who did an update of this review some years later came to the same conclusion. Interestingly he concluded that the definition stated by Meenaghan (1983) was used to some extent and since his review aimed on European literature Walliser (2003) further concluded that within a country there tended to be a consensus around the definition of sponsorship.

### *Managerial aspects of sponsorship*

In the managerial field of sponsorship, Cornwall and Maignan (1998) concluded that previous research in the field of managerial aspects addresses mainly five dimensions, namely; objectives and motivation, constituency and audience, organizational structure, personnel requirements and budgeting. Most research addressed the first two dimensions, (Cornwall, Maignan 1998). Quantitative studies have addressed the objectives behind sponsorship, where the most common reasons of involving into sponsorship were; improving goodwill, enhancing image, increasing awareness, improving profitability, management interest and so on (Cornwall, Maignan 1998).

Further, one research supports that large companies tends to do sponsorship with marketing and communications objectives, where smaller and midsize companies involve to support and establish community relationships (Cornwall, Maignan 1998).

Considering the dimension of consistency and audience, Gardner and Shuman (1987) concluded that sponsorship include four participants; corporations, channel members, the public and sponsored organizations. When it comes to the audience the same research furthermore identifies target audience as; consumers, financial institutions, community leaders, employees and channel members.

In terms of managerial dimensions Cornwall and Maignan (1998) conclude sponsorship to be functionally close to advertising, public relations, promotions, personal selling, or directly under top executives.

### *Measurement of Sponsorship (return on investment/alternative outcome.)*

In the area measurement of the sponsorship, Cornwall and Maignan (1998) conclude that companies tend to be uncertain in this field, due to the absence of any particular framework that can be applied for evaluation. However two types of measures were identified; Exposure-Based methods and Tracking measures (Cornwall, Maignan 1998).

Exposure-based methods are used to measure the size of the audience either directly or indirectly or to measure the total media coverage obtained for the event. Tracking measures are rather used to measure perception, such as familiarity, awareness and preferences.

Meenaghan (1991) discusses the process and evolution of sponsorship according to a three step multi-level framework where he concludes that companies initially tend to do sponsorship to increase company or brand awareness. In later phases the sponsor develops

more specific goals and starts selecting objects based on certain internal criteria's. More accurate measures of the return of the invested resources are also created. The final stage is the most advanced where the sponsor will be fully aware about the sponsorship. Experience should according to Meenaghan (1991) be the most critical factor when it comes to sophistication of the sponsorship.

In terms of qualitative researches made in the area, Thjömoe et al.(2002) conducted a research based on Norwegian companies. They concluded that performance evaluation among the companies was rather poor and they argue that Norwegian companies are less developed in the field of evaluation and sponsorship.

### 3. Theoretical framework

#### 3.1 The Six step sponsorship model

As earlier stated, the aim of this thesis is to contribute to the research made in the field of sponsorship and performance evaluation. By applying a sponsorship-specific framework in the empirical section we believe will help the reader in terms of getting a good grip of the sponsorship, which in some cases can be seen as a rather complex project. The framework chosen is the *Six step sponsorship model* by Kollah (2015). The framework builds on empirical research, which has led to a detailed framework that categorizes a sponsorship project into six different phases. The basics of the model are very intuitive and it can be tracked from general management control models and be applied regardless of the extent in the sponsorship (Kollah 2015). By using the *Six step sponsorship model* it allows us to follow a sponsorship project in a structured way from the beginning until the end. The model has been adjusted based upon recent events, which we believe is important since the area of sponsorship is continuously developing why it can be expected to have a good fit in our study. Regardless it can be used as a benchmark.

##### 3.1.1 Step 1 – Existing Activity Review

In the majority of the cases, companies have previous experiences in sponsorship. Existing activity review therefore becomes a natural starting point in this model. The reason for sponsorship can be different but nevertheless there is a need for evaluation. Setting the objectives before the start of a particular project is important both in terms of execution and

for measuring the result. An environment analysis can be made in different extents and the aim of the analysis is to provide a deeper understanding of different parts of the project. It can for example provide information about the target group, competitor's sponsorship strategy, market conditions etc. Finally the last step is a brand audit that can consist of several areas, e.g. looking at strategic objectives.

#### 3.2.2 Step 2 – Sponsorship Policy and Strategy

The existing sponsorship policy and strategy should be evaluated and as a natural step from step 1 in the model. If no sponsorship policy or strategy exists it may be important to write one. The model suggests several key elements that should be presented in a sponsorship policy and strategy. Measurable objectives, brand fit, sector match, just to mention some of the key elements.

#### 3.3.3 Step 3 - Negotiation of Sponsorship Deal

The brand owner can sort the deal into two different types; a new sponsorship agreement, or a termination of the relationship and negotiation with other suitable/alternative rights holders. The timeframe of the negotiation can extensively vary. As a final stage in the negotiation each side will involve a team of specialist commercial and sponsorship lawyers.

#### 3.4.4 Step 4 - Activation of the Sponsorship

Depending on the agreement and what type of sponsorship, activation can be made in several ways. When it comes to assuring that the counterpart (right holder) will do what is needed in order to assure that the sponsorship will be seen as successful the word "best endeavors" is used. This expression intends to promote the link between the property and sponsor. The right holder has the obligation to do everything in its power and use its "best endeavor's".

#### 3.5.5 Step 5 - Measuring Return On Investment

In order to find appropriate measures and be able to measure Return On Investment it is central to have relevant information about the audience. When using quantitative measures it is important to have a benchmark or a desired number. In some cases it can be possible to find leading measures or a combination of several measures that better help in order to reach the desired numbers.

### 3.6.6 Step 6 - Sponsorship Review

Once some form of Return On Investment has been computed, both sponsor and the rights holder can have a full and frank discussion on making an overall assessment of the sponsorship program, whether it delivered against objectives as well as expectations of all parties concerned. There are usually four main perspectives that need to be covered in this final step of the sponsorship strategic process: Brand owner's perspective, Sports rights holder's perspective, Fans as well as Consumer's and other stakeholder's perspective.

## 4. Methodology

### 4.1 Choice of study method and research design

Without a map it will be hard to reach the destination, especially if the destination is unknown. The same logic applies when doing a research in a topic that is unfamiliar. There is a target but the question is rather how to get there? The definition of a research design can be expressed in several ways. The citation below clearly defines the research design:

*"... a plan that guides the investigator in the process of collecting, analyzing, and interpreting observations. It is a logical model of proof that allow the researcher to draw inferences concerning casual relations among the variables under investigation."* (Nachmias & Nachmias, 1992, pp. 77-78, emphasis added)

According to Yin (2014) a case study is suggested when; the overall research question has the nature of "how" and "why", the researcher has little or no control over behavioral events, and finally when the focus is a contemporary phenomenon. As we previously concluded there is a small amount of previous research in the field of measurability in sponsorship activities. There is a clear need for empirical data and descriptive studies, why a case study is appropriate.

Using the World Championship in Cross-Country skiing and Nordic Combination held in Falun 2015 (further expressed as Falun 2015) as the overall event and using two large Swedish companies as a case study can be described as a multiple or two-case study (Yin 2014). A multiple case study will allow to draw cross-case conclusions and additionally it will enable to find patterns. Also since the sponsorship event is the same for both companies it will allow us to compare and find similarities and differences in a more precise way. We can



assume the conditions in the sponsorship agreement were similar and both companies were given the same abilities from the event organizer.

A two-case study can be seen as a middle path between a single-case study and a multiple case study. In order to really dig deeper a full evaluation of each sponsor to the event would be more exhaustive. However a multiple case study is a time-consuming effort and in order to deliver a bachelor thesis within the amount of time given, a two-case study seemed appropriate. Also by doing a two-case study the chances of doing a good study will be better, compared to a single-case study (Yin 2014).

The aim of the research is to provide insight in sponsorship processes and if any measurability exists. With that in mind an inductive approach to the research is most appropriate. By using an inductive approach we will be able to create the theory and a next step would then be to test the theory against a larger data set, a quantitative research. When testing a theory a deductive approach is used, which can be seen as the controversial to the inductive approach (Yin 2014).

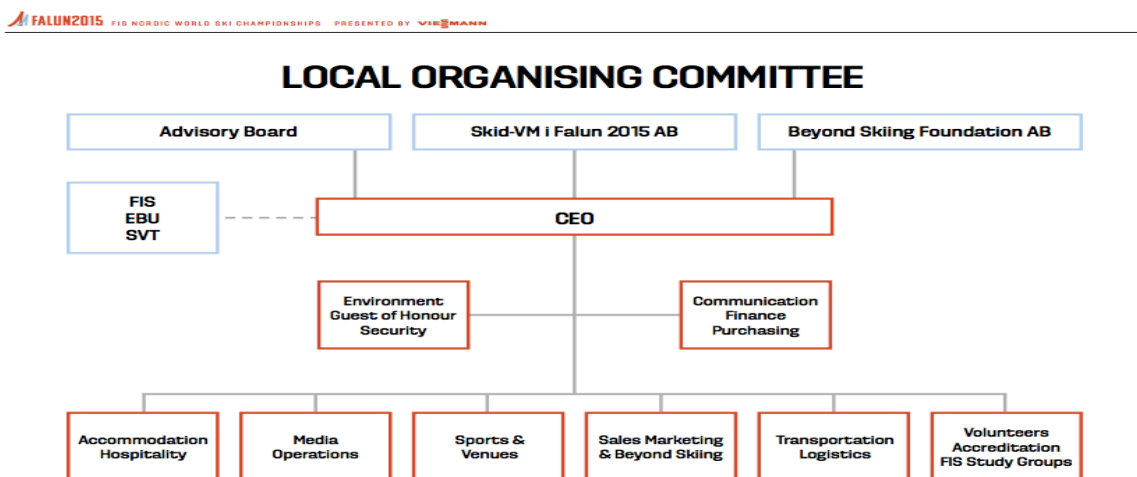
The second step in our research was to select a case and find two companies that would give enough access in order to be able to perform the research. When choosing the individual cases Yin (2014) argues that they should either be expected to generate a result that can be predicted (a literal replication), otherwise the result should be expected to be contrasting (a theoretical replication). When using less than three cases one should choose the cases for a literal replication, according to Yin (2014). When choosing the case we searched for an event of a larger size with high media coverage and with great public interest. When choosing the companies where interviews should be held, the size of the company was an important factor. We did not searched for a particular company, rather we asked several companies that were sponsors to the event and we picked the two that responded first and were open for interviews.

#### 4.2 Description of the sport event

In the year of 2015, Falun was for the fourth time the hosting venue of the World Championship in Nordic disciplines of cross-country, ski-jumping and Nordic combined (VM i Falun, 2015). It all begun in 2009 when the Swedish Ski Federation entered the bidding process to host the 2015 FIS Ski World Championship, and in 2010 Falun was announced as the host of the event (Kristianssen 2009, 1 May; Falun 2015).

The event was held in late February in 2015 in the city of Falun (Falun 2015). More than 700 athletes attended the event, and totally 67 gold medals were distributed (Falun, 2015). In terms of audience, more than 228 000 tickets were sold at the arena (Falun, internal document, 2015) and more than 5 Million people watched the event through various digital channels (M&C Director, Ericsson).

The bid was done through a jointly owned company (Skid VM I Falun 2015 AB) between the Swedish Ski Federation, municipality of Falun and “Skidspelsföreningarna” (Marketing & Sales director, Falun 2015). The Swedish Ski Federation and municipality of Falun equally hold 45 % of the shares and “Skidspelsföreningarna” holds the remaining 10 % (Marketing & Sales director, Falun 2015).



*Figure 1: Illustration of the organizational structure at Falun 2015. Source: (Falun 2015, 2015)*

The company consisted of several different departments as illustrated in figure 1. The nature of the organization is described as a project organization and the size of the organization was changing during different periods of the event (Marketing & Sales director, Falun 2015). On average there have been approximately 30 persons who have been employed as permanent employees (Marketing & Sales director, Falun 2015). Additional to the event organization the project was highly dependent on voluntary force and during the week when the event was held there were totally 1 600 voluntaries and additionally around 300 voluntaries from local associations (Marketing & Sales director, Falun 2015).

Over the whole period the event has had a total turnover of 300 MSEK. Sales, Marketing & Beyond Skiing was the greatest department and also the most important in terms of executing the event itself (Marketing & Sales director, Falun 2015). Sales, Marketing & Beyond Skiing (further expressed as S,M&B) was also in charge of signing sponsorship contracts and executing the commitments made in the agreement (Marketing & Sales director, Falun 2015). Approximately 50 % of total revenues were generated through the S,M&B department (Marketing & Sales director, Falun 2015).

The responsibility within the organization was highly driven by budgets for the event as a whole and additional to this there were several budgets for each department during the different phases of the event (Falun, internal document, 2015). As an example there were several financial plans made before the event. For each department one person was appointed as the chief, and was responsible for all activities related to that unit. Each department was divided into several categories with corresponding responsibility (Falun, internal document, 2015).

#### 4.2.1 Sales, Marketing & Beyond Skiing

As earlier described the Sales, Marketing & Beyond skiing unit was one of the most important parts of the event, and they were in charge of the sponsorship activities. Using this department will help us to analyze the sponsorships from two perspective and will help us in providing a more holistic view of the sponsorship process.

S,M&B was divided according to the following main areas (Falun, 2015); 1) Sales, 2) Marketing, 3) Beyond Skiing (Foundation and network for corporations) and 4) Events.

Additionally, the work within the department was divided into thirteen different areas according to the activities and the different projects carried out by the unit (Falun 2015, internal document, 2015). Ticket sales, sponsorship, merchandise and exhibits just to mention some of the activities. Internal documents provided from the organization show that all activities were listed in detail. The work around the process of creating budgets was made highly independent and much responsibility was put on the person in charge of a particular activity. Since the number of staff was low, much of the budgeting work was carried out by the chief of the department (Marketing & Sales director, Falun 2015).

#### 4.2.2 Sponsorship and Falun 2015

More than 500 sponsorship agreements were signed by S,M&B department (Marketing & Sales director, Falun 2015). The agreements were categorized into four different main categories, namely: International Sponsors, National Sponsors, Official Suppliers, Additional and Beyond Skiing (Falun 2015, 2015).

In broad terms International Sponsorship agreements contained the right of exposure in television. National Sponsorship- and Official Supplier agreements were signed independently by the event. Initial contact was taken by the event organization but the final agreement was a joint product between the two parties.

Beyond Skiing is a foundation that was created and served several purposes (Falun 2015, 2015). Firstly it enabled to open up sponsorship not only to large companies, but also to smaller local companies. A company could either engage as "Founder" or as a "Supporter", at a price of 120 000 SEK or corresponding 6 000 SEK (Marketing & Sales director, Falun 2015). Since the foundation was able to attract a high number of local companies as well as large ones, it also served the purpose of a network.

When it comes to activation of the sponsorship the Marketing & Sales director expressed;  
*"International Sponsors didn't have to do anything in order to extract value, but when it comes to National Sponsors no value was extracted unless the sponsor did anything. They were totally in charge of their own situation".*

#### 4.3 Description of Ericsson

Ericsson AB is the world leader in communication technology and services. The company is the driver of the Networked Society (Ericsson, 2015). With long-term relationships with every large telecom operator, Ericsson gives people, businesses and society's opportunities and creates a sustainable future of communication (Ericsson 2015). Ericsson's investments in research and development of new technology, specifically in mobility, broadband and cloud improve the telecom industry (Ericsson, 2015). This implies better business efficiency and network experiences. Ericsson's global scale combined with their leading position in technology and services puts them in an industry leading position. Investment in research and development of the business enables Ericsson and their customers to stay in a leading position

(Ericsson, 2015).

Ericsson AB is listed at NASDAQ Stockholm and NASDAQ New York. The group is operating in more than 180 countries, had Net sales of 228 SEK billion (2014), EBIT of 16.8 SEK billion (2014) and more than 115 000 employees, where of approximately 18 000 is employed in Sweden. Headquarter is located in Stockholm but Ericsson is present in several Swedish towns (Ericsson, 2015).

#### 4.3.1 Ericsson and Sponsorship

Ericsson states that sponsorship activities are important and an integrated business method to communicate with the stakeholders of the company (Strategy director M&C, Ericsson). Building brand awareness, increase sales and contribute to conceptual values are the objectives with Ericsson's sponsorship (Strategy director M&C, Ericsson). Ericsson differentiates sponsorship from charity and donations (Strategy director M&C, Ericsson). They say that sponsorship is a business method characterized by a co-operation between the sponsor and sponsor object, which should benefit all parties involved and lead to measurable results (Strategy director M&C, Ericsson). If a co-operation should be classified sponsorship it should be a co-operation over time, and not have the character "one time event". Paid media (advertisement) is not classified as sponsorship (Strategy director M&C, Ericsson). If Ericsson does an event with a specific organization, focused on sustainability where the purpose is to associate with organization in the long-term, then it is classified as sponsorship (Strategy director M&C, Ericsson). All sponsorship decisions are based on Ericsson's sponsorship and donation policy.

Ericsson's sponsorship activities have different purpose. They divide their sponsorship into global- and local sponsorship. The local sponsorship intend to employee engagement or sales enablement, e.g. if they sponsor counterparty X to get e.g. tickets which can be used for customer events. The Ericsson globe is an example of both. Earlier sponsorship has been e.g. Nobel and Volvo Ocean Race (Strategy director M&C, Ericsson).

Ericsson recognize Falun 2015 as a long term sponsorship event with the purpose to associate with FIS, in other words association marketing, with no purpose to drive leads (Strategy

director M&C, Ericsson). “Ericsson Networked Event” is the name describing the holistic digital experience in Falun 2015. The digital arena with new technology and opportunities was integrated in the experience of the championship. Historically Ericsson has done some investments in technical solutions for the sport audience, e.g. Olympic Games in London 2012, where they co-operated with NBC to cast the event in High Definition (Strategy director M&C, Ericsson).

In Falun 2015, the company’s technical solutions contributed with digital live streaming combined with real-time information about e.g. the skiers and statistics. The system enables an enriched context for all event content, something that enables the event to reach a worldwide audience, since it could be experienced from anywhere. *“Big sport events are a technical challenge that fits Ericsson perfectly”, says Ericsson’s CEO Hans Vestberg in media.* (Vestberg 2015)

#### 4.4 Description of Stora Enso

*“Stora Enso is the global rethinker of the paper, biomaterials, wood products, packaging industry and consumer board”* (Stora Enso, 2015).

Their customers include industries like packaging, joinery and construction, publishers, paper houses and paper merchants. Stora Enso’s aim is to replace non-renewable materials by innovating and develop new products and services based on renewable materials (Stora Enso, 2015). The main area is within the Nordic region, but revenues from Brazil, Uruguay and Asia stand for a considerable share (Stora Enso, 2015).

Stora Enso is listed on the NASDAQ Stockholm and Helsinki. The group is operating in more than 35 countries, had sales of EUR 10.2 billion (2014), EBIT of 810 million (2014) and approximately 27 000 of employees in more than 35 countries (Stora Enso, 2015).

Most of the supply is bought from individual forest owners, and wood is the raw material Stora Enso is using in their production (Stora Enso, 2015). Therefore a major part of the business is taking place close to the suppliers, in the countryside, which makes the organization widely spread over a large geographical area. Since the Group Leadership Team

(GLT) is spread between Finland and Sweden, the headquarters is also shared between Helsinki and Stockholm (Stora Enso, 2015).

Only in Sweden Stora Enso employs more than 4 800 people making it the second largest Swedish employer in its industry. Stora Enso has several facilities in Sweden; five paper/paperboard mill, a pulp mill and a sawmill (Stora Enso, 2015). Ala/Ljusne, Falun, Fors, Forshaga, Gruvön, Gävle, Göteborg, Borlänge and Skoghall, just to mention some cities where Stora Enso are operating today (Stora Enso, 2015).

#### 4.3.1 Stora Enso and Sponsorship

Stora Enso's definition of sponsorship: "*Sponsorship is the supporting of an event, activity, person or organizations financially or with products or services and utilizing the publicity of the sponsoring target*", (Sponsorship manager, Stora Enso). Both parties benefit from the cooperation. In general Stora Enso usually take social responsibility by sponsoring local youth and sports clubs (Stora Enso, 2015). All sponsorship decisions are based on Stora Enso's sponsorship and donation policy (Sponsorship manager, Stora Enso). The decisions starting point of the Falun 2015 was based on the company's values, "Do good for the people and the planet" and take the lead and do what's right. Stora Enso was "taking the lead at Falun 2015" in terms of making it run as a green event with long-term commitment to a sustainable future. Stora Enso saw Falun 2015 as an important event, where they could contribute to a sustainable event practically as well as communicate with various stakeholders (Sponsorship manager, Stora Enso).

#### 4.5 Data collection process

The data collection process has been made according to four principles that according to Yin (2014) can help to deal with the problems of establishing the construct validity and reliability of the evidence. These four are: 1) Multiple source of evidence, 2) Case study database, 3) Chain of evidence, and 4) Critically evaluate electronic sources (Yin 2014).

The data has mainly been collected through seven semi-structured interviews. Of these seven, three were made at the two companies used in the research, through face-to-face interviews.

The remaining four interviews were made per telephone. The interview time ranged from 30 to 90 minutes at each interview. In addition to the semi-structured interviews we have conducted eleven structured interviews through E-mail, mainly to confirm specific questions. When needed follow up questions were asked for clarification or confirmation, through e-mail. The semi-structured interviews followed a framework that both enabled us to get a holistic view of the companies involvement and effort, as well as for more detailed information relevant to the thesis. The interview framework is attached in appendix A and B. Two sets of framework were used since interviews were made at both parties of the sponsorship project.

<i><b>Title</b></i>	<i><b>Short name used in thesis</b></i>	<i><b>Responsibility area</b></i>	<i><b>Type of Interview</b></i>	<i><b>Date</b></i>
<b>Ericsson</b>				
Director, Marketing & Communications Strategy Development & Execution	Strategy director M&C	Responsible for M&C Strategy Development & Execution	Face-to-Face E-Mail	2015-04-02 2015-04-28
Marketing and Communication director, BU Global services	M&C director GS	Responsible for Marketing and Communication, BU Global services	Face-to-Face	2015-04-28
10 employees at both BU- and Corporate Level	Employees	Employees at different BU's and at Corporate Level.	E-mail	2015-05-05
<b>Stora Enso</b>				
Director Communications in Sweden Group Identity	Director Communications	Group project manager for Falun2015	Face-to-Face E-mail	2015-03-26 2015-04-24
Director Segment Other Controller, Stora Enso Group	Controller Stora Enso Group	Controlling function	E-mail	2015-04-24
Business Controller SE Skog/Wood Supply Sweden	Business Controller Stora Enso Forest	Controlling function	Telephone	2015-05-11
Business Controller FI Biomaterials	Business Controller Biomaterials	Controlling function	Telephone	2015-05-13
Business Controller	Business	Controlling	Telephone	2015-05-05



at Biomaterials Skutskär Mill	Controller Biomaterials Skutskär Mill	function		
<b>Falun 2015 (Event organization)</b>				
Marketing and Sales Director Falun2015	Marketing and Sales director	Event manager from a marketing and sales perspective	Telephone	2015-04-20

*Table 1: The table summarizes all interviews made during the data collection.*

Initial interviews were made with the person in charge of the specific sponsorship project at each company. From the initial meeting we then decided with whom a second interview could be conducted and got assistance with contact information. Some interviews were recorded when allowed, in order to transcript and systemize the work during the writing process. By recording we could also be more involved in the interview itself and focus on the person being interviewed.

Additional to the face-to-face interviews secondary sources of data consists of internal material provided during interviews. The internal material consisted of both information that was written to an external audit, but also for internal purposes. Official web pages and articles from Swedish media were also used when gathering information about the companies and the event.

#### 4.6 Data analysis

Since there are few fixed formulas, recipes or tools when analyzing a case study, one may find this part very difficult (Yin 2014). Instead much depends on a researcher's own skills when analyzing the data. By using the same framework on all interviews and since the data was presented according to the *Six step sponsorship model* by Kolah (2015), the analysis was made continuously together with the data collection. By comparing we could find interesting topics worth further discussion.

#### 4.7 Research quality

The quality of the research is very important in order to be able to contribute in the research area according to academics demands (Yin 2014). Judging the quality of the research is made from two aspects; validity and the reliability. Validity can be evaluated from three different perspectives; construct -, internal - and external validity (Yin 2014).

Construct validity is about identifying correct operational measures for the concepts being studied. By having multiple sources of evidence and confirming some of the critical parts in the interview we can minimize the risk of delivering a report that is built upon subjective biases. To increase construct validity Yin (2014) further suggests to establish a chain of evidence. This has been addressed by applying a theoretical framework that gives a structure in the process, both in the collection process and also in the analysis. The limitation here is within the sources of the data. Using several sources is known as triangulation (Yin 2014), and since much of our evidence is built upon few primary sources this might be seen as a weakness in terms of quality.

The second perspective of validity is the internal perspective. This is referred to the process of seeking to establish a causal relationship, whereby certain conditions are believed to lead to other conditions (Yin 2014). This is highly relevant to this research since it is more of a descriptive case study (Yin 2014). Since all information we get can be seen as “second-handed” it cannot guarantee linkages between the conditions. However, comparing evidence against some earlier formed empirical framework, can use as a benchmark. According to Yin (2014) this can be described as pattern matching and helps to increase the internal validity of the study.

External validity is the third perspective, which addresses the issue whether a study’s findings are generalizable beyond the immediate study, regardless of the research method used (Yin 2014). By testing an already derived framework the aim is to increase the empirical value of that framework. Also by using a multiple case study isolated to the same event, there is ability of generalizing. However as earlier described a full study on each sponsor would be more exhaustive, especially if made side by side during the event, but the scope of a bachelor thesis is a limitation.

Finally there is the test of being able to replicate the study, which is described as the reliability (Yin 2014). Using a recent case and to make interviews with people that were a part of the organization and also with people that not were a part of the organization we aim to address the issue of reliability. Since almost all of our data was built upon primary data collection through interviews one cannot avoid the risk that carries with the choice of data source. However, we are confident that the conclusions is representative in this type of study.

## 5. Empirics

In the empirical part we will present our findings according to the *Six step sponsorship model* by (Kolah 2015). By separating the data from the two corporations in the empirical section, the findings become more evident and easier for the reader to follow the process from the beginning. However in the analysis chapter we intend to discuss and to compare in order to find similarities or differences and to make cross-case conclusions.

### 5.1 Ericsson

#### 1) Assessment of other existing sponsorship activities:

Ericsson recognize sponsorships as an important and integrated business method to communicate. The company has a lot of past experiences in sponsorship and as well as several ongoing long-term projects. Sponsorship activities at Ericsson is a well-used business method and all future projects are built on previous results and findings, all to ensure a high success rate. “Learning by doing” is a descriptive expression of the sponsorship department’s development. Ericsson always strives to find a “best practice” of the whole business process. Evaluations of the ongoing sponsor investments are done continuously, and since Falun 2015 was a new investment it was relevant for the organization to start by analyzing existing sponsorship activities.

Continuously work with evaluation of existing sponsorship contributes to knowledge of the business method’s complexity and challenging management. This process is done to hopefully increase effectiveness in future projects, due to more knowledge of how to professionally manage sponsorship.

## 2) Strategies and policies:

Ericsson get sponsorship requests every day and points out that the company's sponsorship and donation strategy is essential for evaluation. Proposals are being evaluated against the strategy and Ericsson takes help from an external party, but do also have an internal process after that. This external process is the first "screening process" of the sponsor proposals coming in to Ericsson. The sponsor strategy is based on questions like: What is the situation? What are the trends in sponsorship? How does the market look around sponsorship? What is the competitive landscape like? What is the target image? Why is it relevant to work with sponsorship whatsoever as a method? Objectives (Brand fit) and how to achieve them. Ericsson is very clear in what they should sponsor.

Classification- and strategy targets are set high, and if reaching this bar the sponsorship committee will evaluate. The committee evaluates from a; legal-, marketing and communication- and corporate responsibility perspective. All sponsorships should be in line with Ericsson's strategic foundation, strategies and vision.

Economically, sponsorship for Ericsson means large investments in terms of money. Ericsson pinpoints a general rule that if they involve in sponsorship, Ericsson must be prepared to invest the same amount of money in activation, otherwise there is no point. This implies commitment internally to proceed with the proposed investment. The structure of the approval process makes the screening tough and very few quests will be realized.

The sponsorship strategy requires measurable goals for the project. The strategy itself does not have measurable goals, because it depends on the nature of the specific sponsorship. Some goals can't be put on a sponsorship that aims to drive customer engagement compared to a project, which has the purpose to drive brand perception.

The whole strategy and policy is communicated internally. External targets of achievement in objective terms are communicated. Ericsson sponsorships should have clear and defined objectives, and meet several criteria like; brand fit, support the core values of Ericsson etc.

## 2.1) Preparation of goals/target audience

Ericsson's development of economic and strategic goals depend on the type of sponsorship, and objectives are adapted thereafter. The strategic goal with Falun 2015 was to build a digital arena, a new IT-trend in the sport industry. First, when the suggestion of sponsoring Falun 2015 came to Ericsson the proposal did not seem that interesting. *"The potential of this event was created internally and when concluding that it was possible to make a digital platform, the event became a great sponsorship opportunity for Ericsson. Ericsson was then given the rights, but they were not obligated to create this digital platform"*, (M&C Director GS).

Applications and live video from the competition made it possible to reach a broader sport audience both in Sweden and Internationally. Effective and economic goals was set up in connection with this technical challenge, all to show and ensure that Ericsson would take this sport event to a new level. *"We took Falun to the World, not the World to Falun"*, (M&C Director GS)

Measurable and relevant goals were clearly stated and customized for the event. Effect targets and Key Performance Indicators (KPI's) are used for all sponsorship activities at Ericsson. Information from the internal database is used when setting targets and KPI's. The database contains historical information and KPI's used in previous sponsorship projects. The database has been entirely developed by Ericsson. Since much data is stored in the database Ericsson has invented an own system and been able to find causality between the KPI's. Using KPI's, Ericsson is able to quantify targets and milestones. This further allows them to calculate Return On Objectives (ROO). Being able to quantify ROO a simple variance analysis can be applied when evaluating and it allows Ericsson compare against previous projects and make sure they are continuously improving.

A color scale is used where the KPI's are ordered after importance. Main targets are specified in each KPI category and to reach the main objective in each category, smaller milestones higher up in the scale have to be reached first. By being able to define goals that will help to reach the overall target, Ericsson can easily communicate and manage the project. Most important they know they are heading in the right direction. The Marketing and Communication department stated *Main objectives/targets* with Falun 2015. KPI's were used for measurement of: 1) *Perception*; including targets on articles, visitors etc. 2) *Physical stakeholder experience*; like impressions etc. 3) *Digital stakeholder experience*; including

reached people, downloaded apps etc. 4) *Sales Enablement*; like generation of new opportunities, qualified leads etc.

*“Since Ericsson did this type of event for the first time the targets of the indicators were more difficult to establish”*, says M&C director GS.

There is a long and complex process in the beginning relative to the sponsor, all to ensure that the partner sponsorship will generate the maximum outcome. Milestones are used for strategy, development and execution. This sponsorship was in line with Ericsson's sponsorship strategy and policy, e.g. the sponsorship had high degree of brand fit, strengthening or having a positive effect on the brand of Ericsson and it created internal interest and commitment within the company.

Ericsson's commitment in Falun 2015 was a one year project involving; projects managers that e.g. developed specific techniques together with a lot of people, both internally and externally and synchronized the work. Overall, a hundred were involved. *“Ericsson's sponsorship requires lots of resources, which is the challenge of going into too many small sponsorships, because in many cases you need to invest as much time anyway.”* (Strategy director M&C).

The target audience with Falun 2015 was to reach out to all stakeholders of the company. Ericsson's goal was to be both physically present at the event, but also being digital present globally. The internally process was also prioritized and important for the project. From an external perspective, it was not as important for Ericsson to be in place considering its audiences. It was not so many of the global audiences and influence customers who traveled to Falun 2015, the visibility was more about the digital. By showing the vision of the Network Society and reach out globally was an important aspect, which is linked to Ericsson's vision and its role and who they want to be, (lead transformation through mobility). This was a way to show how Ericsson can lead the transformation in skiing and the media industry through mobility solutions.

### 3) Negotiation:

#### 3.1) Negotiation/decision making process:

If Ericsson has a proposal that includes purpose, rights and opportunities. What is the context the company will enter? How does it connect to Ericsson and their sponsorship objectives? What's the budget? What are the Technical Solutions? etc. and has completed the “first cut”. Depending on whether local/global commitment it is handled differently. If locally the proposal is sent to Marketing and Communications (M&C) governors of regions, and asks about opinions and commitment of money. If globally, the e.g. head of brand and press are contacted where the proposals are specified in terms of e.g. ROI and Costs.

#### 3.2) Information flows

Ericsson's information and communication flow during Falun 2015 was in four main directions; downward, upward and lateral relative the hierarchical levels and externally. Effective and good communication is essential in projects like Falun2015. *“The strategy must be clearly defined and communicated both internally and externally”* states Strategy Director M&C. The Business Unit (BU) Global Services (GS) was responsible for Falun 2015 purely operational. The M&C director at GS turned to the “steering committee” with a proposal and a budget for confirmation and acceptance. The steering group included people with senior positions, and a couple from Group management. GS in turn reported to the Executive Leadership Team (ELT). M&C director at GS reported to the highest M&C director. Continuously reporting was done during the project.

Interviewed employees at different business units and corporate level at Ericsson manifests itself that the project was well communicated to employees through internal sources. Internally it was communicated through several medias like the intranet, Ericsson Play, Team Collaboration (EriColl) and Events. The topic was also mentioned at group meetings and through specially subordinated commercials and posters. Externally Ericsson communicated their investment in Falun 2015 on their own webpage and got lot of media visibility in e.g. published articles and social media.

#### 4) Activation:

*“If we plan to go into a sponsorship we must be prepared to invest the same money in activation, otherwise there is no point”*, Strategy Director M&C. Sponsorship activities cannot be compared with other marketing tools. From an activation perspective, we speak external communication, and it is treated as any other priority topic. I.e. it goes into their agenda and Ericsson work with what should be a priority. In contrast, from an evolving and driving perspective, Ericsson has never driven a sponsorship without a project team, it is impossible. A project team is set up if it is “brand building perception” but not necessarily if a customer engagement sponsorship. So it depends on the sponsorship objectives.

All channels involved were activated, first the employees and then all other parties. The internal activation was mainly before the event and consisted among others of an internal race where employees had the opportunity to report the number of miles you had been skiing and try ski jumping. A “Road Show” was also conducted at the local offices at Ericsson to communicate about Ericsson's commitment to Falun 2015. The ”Road Show” focused on a third of the employees in Sweden.

The employee respondents emphasize the sponsorship as solid and powerful with a lot of activities with purpose to market Ericsson as a company.

Ericsson's contribution and involvement in Falun 2015 seems to have made employees more positive in terms of perception of the company. The employee respondents appreciated the project due to the activation and internal engagement.

Since this was a project that enabled Ericsson to gain visibility outside Sweden the activation was optimized against Ericsson's larger markets. The Falun case is normally a too small sponsorship for Ericsson but when the project got a global perspective and a software platform that could be available for other future events, it was approved. Therefore much effort was put on global activation as well.

Ericsson's activation at the arena was heavily focused to introduce the application to the visitors and tell more about the company. Gloves for smartphones were handed out. In the Falun case, application users were able to use an innovative digital experience in the form of



an application where they could follow any competing skier in real time and simulate the competition digitally.

#### 5) Measurement:

Ericsson perceives that there has been a change in this part of the sponsorship process. *“The development has gone from practice sponsorship for the sake of sponsoring to try to be a lot more clearer about what kind of value we must achieve and how is this related to everything else”*, (Strategy Director M&C). Ericsson are clear when it comes to sponsorship; there should be specified KPI's. Brand awareness e.g. must be specified. What is the brand awareness? Is it increased media presence? Is it increased staff value of X when we make a target group audience? Ericsson has come a long way with how they want to work, but concludes that the implementation is always more difficult than strategy.

*“If Ericsson can use financial metrics they do, but in most sponsorship activities it becomes difficult”*, (Strategy director M&C). Calculating the value is hard, calculating costs are easier. If estimating the value of press releases/articles, Ericsson only get a proxy on a value. The value lies in the altered perception and putting a number on perception changes, Ericsson has not yet succeeded in doing. In leads and customer engagements it is easier to show the value.

Ericsson thus have quantitative targets, which is about increased traffic to the site, number of press releases or mentions and overall awareness. Ericsson do annual surveys on brand awareness, but it is difficult to link that information to a specific sponsorship. The challenge is the costs of doing such evaluations, which is not justifiable to do after each sponsorship, it would cost as much as the sponsorship itself almost. That makes it especially important to set goals and find a relation between costs and perception and create a proxy for money. Ericsson's commitment to different sponsorships have a long-term time horizon and the corporation see these project to affect the brand awareness over time.

## 6) Evaluation:

Ericsson evaluation of sponsorship activities include two parts, first one evaluation whether they met their goals and what they said Ericsson would do. The second evaluation is about "best practice" which means how Ericsson in the best way can conduct sponsorship, that is how Ericsson learn to be better about it.

The first evaluation about the goals is a requirement they must come back around. The evaluation method is used on all sponsorship objects and starts with an evaluation comparing the goals against the application, a process that fills the function Corporate Governance. The second part is about how to improve the business method and get better. Ericsson strives to find a two best practices instead of one; "This is how you can work with it!" The purpose is handled differently, one is a governance issue and the other is an "Improvement how we do sponsorship".

*"It is extremely important to evaluate, otherwise we can say one thing and don't do it, but also for learning",* Strategy Director M&C highlights. One of Ericsson's most important reasons for evaluation is because they want to become better over time, everything else is secondary. Evaluation of the sponsorship effects is essential. Ericsson evaluates and analyses why the reached outcome was either good or bad and what factors impacted the outcome the most.

Ericsson's evaluation method is new. The company is trying to take the step from a more qualitative evaluation methods to get more quantitative assessments. Extensive evaluations costs money to perform, and depending on whether it's sponsorships or donations it can be worth or not worth doing it. This decision is based on factors like money invested, size of sponsorship and information. I.e. if a small investment in tickets it may not be necessary to evaluate. If Ericsson knows that the utilization rate is 70 % of customer meetings that information may be enough. When Ericsson is entering a sponsorship for some millions, it becomes more important since more capital is invested.

After the evaluation phase Ericsson decides about the distribution of the costs of the project. All expenses have been collected on group level and will be distributed afterwards, depending on the outcome. In the case of Falun 2015, Ericsson see great potential in doing future business in digital platforms, that is why they see it as an investment that has created development costs. *"If we in future can sell "digital tickets" for access to the digital arena it*

*will create revenue streams for the company”*, (M&C director GS). X million digitally assessors times a small amount paid for each access could potentially create new income streams for the company.

The evaluation is done by Ericsson themselves including data from external parties and uses tools and models to make outcome analysis. Any project evaluation directed for employees seems not to have been implemented.

## 5.2 Stora Enso

### 1) Assessment of other existing sponsorship activities:

Stora Enso recognizes sponsorships as an integrated business method to communicate to their stakeholders. The company’s ongoing sponsorship include e.g. sponsorship of local youth and sports clubs. Stora Enso largely operate in small towns and are dependent on local forest owners etc. They have previously invested in local events to enhance the reputation in the area.

Past sponsorship experiences, results and findings as well as ongoing projects are used as a starting point for future projects if applicable, to ensure better outcome in future sponsorship investments. *“In future, Stora Enso should absolutely use the methods, findings and results from Falun 2015 to maximize future events”*, (Director Communications).

### 2) Strategies and policies:

Stora Enso has a business practice policy, which forms part of Stora Enso’s Code of Conduct. This document brings together the key elements for running a responsible and sustainable Stora Enso business, in which the sponsorship policy is clearly stated. Stora Enso defines sponsorship as; “the supporting of an event, activity, person or organizations financially or with products or services and utilizing the publicity of the sponsoring target. Both parties benefit from the co-operation”. Stora Enso’s project in Falun 2015 had to follow and be in accordance with the company’s Code of Conduct and the sponsorship- and business practice policy.

Stora Enso saw Falun 2015 as an important event, where they could contribute to a sustainable event practically as well as communicate with various stakeholders. The aim with the sponsor partnership with Falun 2015 was to strengthen relationships with; e.g. customers, employees, wood suppliers, investors, students and public. The company saw this arena as a good venue to talk about the company's transformation from B2B to B2C and take responsibility. Focus is on end customers, the consumers.

## 2.1) Preparation of goals/budget

Stora Enso's sponsorship investment in Falun 2015 was one of the larger activities done historically. *"No quantitative targets were set in advance of the event, apart from the budget. Externally our goal was to ensure that it would be a sustainable event. Internally the goal was to build a winning culture within the company"*, (Director Communications). The economic budget for the project, both for internal and external costs that incurred in connection with the sponsorship, was created by Stora Enso's project manager for Falun 2015 reporting to a "steering group". The steering group that was responsible for Stora Enso's commitment during Falun 2015, included the Sweden managing-, communication-, and the Global Forest director.

*"The group had a total budget for Stora Enso's commitment in Falun 2015. Divisional costs associated with Falun 2015 was included in their ordinary marketing budgets. Stora Enso had a budget at group level, but gave freedom to the various business areas who in turn incorporated this as part of their existing marketing budget"*, (Director Communications).

Looking at the divisions, the finance function at Stora Enso Biomaterials was not that much involved in Falun 2015. *"Planning etc. was managed by the sales team"*, Controller Stora Enso Biomaterials. A budget was set up, but no other financial targets were specified. Stora Enso Biomaterials Skutskär Mill had no influence on budget etc. *"It was centrally controlled from the division"*, (controller at Biomaterials Skutskär Mill). Preparation of budgets and goals for Falun 2015 was taken on higher level in the organization and not at the mills. Any analysis and evaluation of money invested was not made. *"We saw the event as an opportunity to build relationships rather than seeing this as a business opening"*, (Controller Biomaterials). The controller argues that the department mainly does B2B activities directly,

and has a small amount of key customers. The division does a couple of key marketing event annually. For the division Biomaterials it was more important to be present at the event. Visibility was important for the company but not for the division itself, since it is very few players in the biomaterial market. Marketing costs are very small for the division in relation to sales, since they see direct sales and contacts more important.

At Stora Enso Forest, Falun 2015 was driven by a project group for the event. The proposal and budget was then evaluated at group level for confirmation and acceptance. Goals with the project was clearly stated, they wanted to improve the relations against forest owners, entrepreneurs, employees and other stakeholders.

Stora Enso Forest set volume targets against private forest owners and communication targets. An evaluation is done against the targets. *“Even if we would not meet the targets, the division hopes the activation and relationship building before and during the event will have a positive effect in the long term”*, (Business Controller Stora Enso Forest).

### 3) Negotiation:

#### 3.1) Negotiation/decision making process:

The co-operation with Beyond Skiing started 2011, when Falun got the World Cup. The partnership has been an ongoing activity since then. Planning and involvement from the divisions started about a year before Falun 2015. Stora Enso were asked if they wanted to participate/sponsor the FIS organization, a decisions of this dignity was taken by group management and the communication director. This came as a natural question since they are a big company in the region and has a history of sponsoring the World Cup in skiing.

The event organization’s general sponsor question gave Stora Enso greater freedom do decide upon what activities to have and propose what should be optimized for maximum trade off with the sponsor. Stora Enso was an International Sponsor, and thus got TV rights, which are connected with the purpose of increasing awareness of the company.

Stora Enso was a part of the information pavilion together with six other industry companies. There were no limitations for the company to show their purpose, mission and connect it to the business.

*“Both parties should benefit from the co-operation, that is important!”*, says Director Communications. Stora Enso highlights the trade-off theory. There must be a value in sponsoring and the corporation saw the World Cup as an important venue to showcase Stora Enso’s entire business. Discussions about e.g. television- and exposure rights has therefore been done with the European Broadcasting Union (EBU) and local organizations around the exposure area respectively.

The responsibility for the projects was delegated when it comes to customer programs. Central guidelines for how this kind of project should be executed do exist. These programs should be in line with Stora Enso’s Code of Conduct and have business- related content. It states that divisions are in charge of customer relations and responsible for the marketing in the divisions. The sponsorship activities reflect in other words their ordinary activities.

### 3.2) Information flows

Stora Enso’s information flow during Falun 2015 was at different hierarchical levels. The group wrote the contract for Falun 2015, which set the framework for the co-operation. The divisions responsible for the operational reported to the group. Both informal and formal contact forms was used, most common a formal contact before signing contracts and then more informal.

Stora Enso states that the project was well communicated to employees through internal sources. Internally the topic was communicated by several media like the intranet, group meetings and through specially subordinated commercials. Externally Stora Enso expressed their investment in Falun 2015 on their own webpage and got media visibility in e.g. published articles and social media.

### 4) Activation:

Overall, the aim was to make Falun 2015 to a sustainable event. Stora Enso both built an office for the event organization as part of showcasing their business (modular houses) made by the corporation. In addition, Stora Enso used the waste heat from Hofors plant to heat water in the heating system.

Stora Enso worked with two main exhibition areas, first their own expo and secondly at their part of the innovation pavilion which was a partnership between seven Swedish industrial companies; Stora Enso, ABB, Atlas Copco, LKAB, Electrolux, SSAB and SAAB. The innovation pavilion was an exhibition about innovation and sustainability with the aim to show what Swedish basic industry is all about. This common activation included “industry forum” with seminars and open showrooms aiming to drive their industry and each other forward.

To activate the sponsorship, Stora Enso worked with giveaways like spruce seedlings and noisy turbines in the innovation pavilion, involving a lot of employees who were assisting volunteers to the arrangement. Stora Enso highlights the importance of activating of all stakeholder groups. The goal with the activation was to change the perception and tell the stakeholders more about Stora Enso with hope to change perception. *“Internally the Swedish workers were activated and was offered bus- and event ticket”*, (controller at Stora Enso Biomaterials Skutskär Mill).

#### 5) Measurement:

Measuring the sponsorship effect Stora Enso consider important, despite no targets were set before the event. The measurement of the event was done externally by Sponsor Insight on behalf of the World Ski Championships. Stora Enso gave the impression that they conducted an evaluation because they were asked and got a ”good” offer. This transferred the responsibility for the evaluation to the external company. The evaluation was largely in qualitative terms, which is in line with the idea behind being an International Sponsor. Stora Enso wanted to increase awareness of the corporation’s operations. They conducted an audience survey at Falun 2015 and measured both quantitative and qualitative specific for Stora Enso. Measurement of number of visitors, perception and attention to the exposure areas are examples of measures. The measurement of the outcome reveals conclusions, which could be good or bad relative to the results. However since the evaluation was made by an external company, it was only possible to compare the outcome with other sponsors of the event.

Stora Enso have also ordered a quantitative report from European Broadcasting Union to get a number on exposure time in media.

The character of the sponsorship measurements is largely qualitative with quantitative

measures for e.g. number of visitors. Skog, one of the division of Stora Enso, measured the effect on their own customers (timber suppliers).

This was done to identify satisfaction with the arrangement, if the image of Stora Enso has strengthened and if they as a partner have got a more positive picture of the co-operation with Stora Enso.

Any specific internal targets had not been formulated in advance, e.g. how many persons Stora Enso aim to influence. The purpose with this sponsorship was to tell more about Stora Enso's transformation and then Stora Enso evaluate these reports to conclude whether they have achieved it or not. *"We had not in mind that this event should lead to boosted sales. You cannot really measure that way, our goal was to make an impression on the audience"* (Director of Communications). Stora Enso measures in other words the outcome of the report against the main objective and not against specific targets. No quantitative targets were formulated in advance, but more qualitative, which they thought was easier to measure more quantitatively afterwards.

In the divisions, continuous monitoring of customer satisfaction indexes was done, since it is a part of their marketing communications. Stora Enso Skog put up volume targets against private forest owners as well as communication targets. An evaluation was done against the targets. *"Even if we would not meet the targets, the division hopes the activation and relationship building before and during the event will have a positive effect in the long term"*, (Business Controller Stora Enso Forest). The number of signed contracts cannot be related to this event, it was just measured over a certain period.

#### 6) Evaluation:

The results from the measurement is compared and analyzed against the main targets. Falun 2015 was a part of their marketing and brand building at many different levels, for a several of stakeholders. In relation to other sponsor/marketing projects Falun 2015 is a group project that has had a great impact both internally and externally for the brand. Many have been involved, from management to factory workers in different ways. It was one of Stora Enso's largest sponsorship commitments, which opens up for a more comprehensive evaluation.

Comparisons against other sponsoring companies were made, and overall the results points in



a positive way and are in line with the main objective of the event. The measurement and evaluations reveals finding that Stora Enso needs to put more resources on for improvement in future investments. Future arrangements will be built on these evaluations, e.g. the innovation pavilion was a big part of Stora Enso's investment, but the evaluation show that only one quarter of the survey respondents visited it. How could Stora Enso do it differently in the future to reach out to even more?

*“Stora Enso's project manager for Falun 2015 with the support of Group Controlling was responsible for the financial evaluation. In addition to budget monitoring Stora Enso also evaluated the customer and supplier satisfaction, and how employees perceived the investment in Falun 2015. Stora Enso also did an audience survey which measured sponsor remembrance and Stora Enso knowledge”,* (Director Communications and controller Stora Enso Group). This survey was done to ensure/investigate if the main objectives of the event had been reached.

## 6. Analysis

In order to analyse the outcome in a structured way and to obtain the chain of evidence from the data collected we will organize the analysis based on the findings in the empirical section. As initially stated the aim of the study is to evaluate how companies work with sponsorship activities and in particular in the field of evaluation and measurability. In order to do so, a discussion will be made of the findings according to three different fields. By comparing the findings from the two companies, an analysis of similarities and differences can be made.

### 6.1 Performance evaluation of sponsorship

From the empirical chapter we concluded that Stora Enso and Ericsson involved into Falun 2015 due to different reasons. The approach to initial target setting was totally different. Ericsson have developed an internal database consisting of KPI's. Due to Ericsson's extensive experience in sponsorship, they have found dependency and linkages between different KPI's. It is important to here highlight the difference when it comes to the goals and target setting before the event. Ericsson worked extensively with KPI's. The target setting itself was made by the project manager and the costs of the event were used as a starting point of what to

expect. But as earlier stated in interviews, Stora Enso did not actually have any explicit qualitative targets with the event, or at least no measures were set. This conclusion has to do with Stora Enso's limited previous experience of sponsorship.

*“No quantitative targets were set in advance of the event, apart from the budget. Externally our goal was to ensure it would be a renewable event. Internally the goal was to build a winning culture within the company”*, (Director Communications).

The same logic applied on the work around budgets. Both companies express the importance of using budget in sponsorship activities. The budget implementation worked as a part of the economic governance for both companies. Variance analysis was a part of the budget control where the deviations between outcome and budget was analysed. What was the reason for deviation? What influences/factors had the greatest impact?

For Stora Enso a budget covering all activities was made on group-level. Costs were allocated to the business-units and incorporated in their ordinary marketing budgets in a later stage. Ericsson however also used budgets but all costs were charged centrally, and should allocated when the full evaluation of the event is done. This highlights the trust Ericsson put in their own evaluation system and previous experience.

Ericsson mainly compare against earlier events. The full evaluation of the project was made by comparing Falun 2015 with previous events. By using the internal database Ericsson can compare for example invested money in Falun 2015 versus other sponsorship activities. This method allows Ericsson to compare against previous performance, which is important if a company wants to improve over time. It's hard to see development in sponsorship between single events, but over time it's very accurate. Meanwhile the evaluation for Stora Enso was made by an external company and the results were compared to the other sponsors of the event. But what does this really implies? By only comparing against other companies you become dependent of their effort, and it's hard to actually say anything about your own performance. In particular it's not appropriate to use the same questions for each companies, since the purpose with the event could be very different.

Furthermore Return On Objectives, ROO, is shown to be a more flexible approach to sponsorship measurement since it is based on specific set of event objectives. Marketing driven event objectives typically focus on e.g. awareness and brand perception objectives that

become hard to translate and relate them to Return On Investment (ROI). ROO is a tool for corporations for improving business while ROI more demonstrates the value of the event to the company. Both makes it possible to compare sponsorship commitments to other activities. Being able to quantify ROO through KPI's, Ericsson can easily evaluate and compare the project against previous events, which is the most relevant evaluation for a company in sponsorship.

ROO and ROI will overlap when the sponsor can identify if the event has led to new sales. The challenge comes with calculating how much of sales should be attributed to the event, a tendency identified during the study. In addition, both companies express that the sponsorship are long term commitments. The issue becomes to estimate for how long the effect will last after the event, resulting in a problem measuring the outcome. The ultimate goal would perhaps be to conclude into a general formula like the Johansson leverage formula where there is a full causality between Return on Equity and other financial measures (Johansson, Runsten 2005). However according to this research such formula would be difficult to actually accomplish since each sponsorship activity can have a different a purpose.

The natural conclusion is that Ericsson have come a long way compared to Stora Enso in terms of performance evaluation. Also that measurability of sponsorship activities demands both experience and personal skills. Due to the difference in performance evaluation the study recognized differences in the managerial perspective, which will be discussed further in next section.

## 6.2 Performance evaluation and management control system

In both companies studied, sponsorship is a part of the marketing/communication department and sponsorship is something both companies continuously work with to different degree. Despite it's an on-going activity, a specific event can still be seen as a onetime project since it involves the entire organization to different extent, and additionally a number of different interceptions occur. Interception occurs on several levels, both externally and internally. Internal interceptions appear on individual, business unit and on group level. Why these interceptions are important and worth to discuss is because it's within these interceptions

positive value can be created. Hence there is also a need of management control system, since these interceptions goes beyond the ordinary organizational structure.

Both companies highlight the importance of internal perspective when involving in any sort of sponsorship deals. Externally the encounter is between different companies or organizations. Since both perspectives proved to be very important it is valuable to use these two viewpoints when discussing the managerial aspects.

Also the initial set-up of the sponsorship organization was very similar but the way the project was executed was something completely different. The similarities is that the sponsorship project was run by the sponsorship manager. However there are large differences in how the proposal was assessed and how the work around the budget was organized. From the empirical section it's known that the project was a result of co-operation between several business units and Ericsson was given a high degree of freedom from the event organization.

*"We had the right to deliver the digital platform but we were not obligated to deliver anything at all".* and further continues; *"without the high degree of collaboration between the business units, the event wouldn't been able to pull through"*, (M&C director GS, Ericsson).

The internal process and the proposition was a bottom up procedure and the task of the project manager was to coordinate the work and to conclude into a single proposal, which later was presented to the steering group. Considering at Stora Enso the work around the project was done on a group-level and the initial set up of the sponsorship organization was not very different compared to Ericsson. However there was a big difference in how the proposal and the work around the budget was structured. At Ericsson an overall budget was made on group level, with help from the business-units. Meanwhile at Stora Enso the budget was made on group level and costs were allocated to the different business units involved.

It's interesting to further discuss the role of the manager in charge of the event. The project manager can be seen as a central position that handles interceptions from several hierarchical levels. Sponsorship involves everything from Executive management to lower hierarchical levels within separate business units. In both cases the project manager reported to an internal steering group consisting of persons with Executive titles. At the same time they also worked in close co-operation with the business units involved. At Ericsson the conclusion is that the project manager's task was to summarize and conclude information from separate units where

the work was carried out. Also the sponsorship structure had a bottom-up approach and several interviews supported it was a joint project. At Stora Enso the project manager acted more as a coordinator and a distributor of responsibility. Business units were seen as important since the sponsorship served both internal and external goals. However it's may be possible to conclude that due to the internal system of KPI's, Ericsson is able to control the project in a more sophisticated and efficient way.

The reason why Stora Enso and Ericsson had a different approach to the managerial aspect is probably due to the different ability to measure the project. Ericsson has an extensive system of how to express targets and milestones of the sponsorship structure. Combining that with all experience from previous sponsorship events, Ericsson can have a different set-up of the organization and the project can be given a great amount of freedom to each business unit. Yet they are all working against the same direction. In other words, Ericsson can by having better measures have a more sophisticated organization.

The findings points at a difference in purpose of involving into sponsorship between Stora Enso and Ericsson. This is also important, and in the next section the business logic behind sponsorship and how it's affected by the ability to measure the impact will be discussed.

### 6.3 Business logic behind sponsorship

From the empirical chapter it's known that the purpose of sponsorship differs between the two businesses reviewed. To Stora Enso the sponsorship of Falun 2015 was seen as a marketing event, and the purpose was to communicate the transformation from being a traditional Swedish forest company and to show their focus on consumers and B2C.

Looking at Ericsson and the reason of involving into sponsorship it was almost all about the internal perspective and the ability to get the rights associated with being a sponsor. As stated in the interviews Ericsson actually first rejected the initial proposal made by the event organization, since the project seemed too small to Ericsson and also since the proposal felt too conservative and old-fashioned. When Ericsson was given a high degree of freedom in terms of their own effort and their rights, they decided to sign as a National Sponsor. The process of evaluating and coming up with ideas of what to do was a quite extensive process, which included several business units. As stated in the empirical chapter the involvement

went through several instances and the person in charge of the sponsorship combined several ideas from different business units, which concluded in a combined effort.

Looking at similarities, both companies did some assessment of how they could contribute to their business. However assessment made differed substantially. Stora Enso had the approach of how the event could fit the communication strategy, which is the transformation of Stora Enso into new business areas. Ericsson meanwhile made a more open question that involved several business units when assessing the possibility of becoming a sponsor.

The freedom of being able to fully control the project allowed Ericsson to make a fit in the current organization and business, and to even realize new business potentials as with the digital platform. Controversially, Stora Enso could not achieve the same momentum from the event since the purpose was at a “lower” level. Ability to define targets and to set appropriate measures allowed Ericsson to choose the event, not the opposite.

A final area to discuss is the realized business potential of the digital platform developed to the event. From the perspective of Ericsson the creation of the platform was seen as an investment in Research and Development, which also puts the sponsorship on another level and redefines the purpose. Besides the development of the platform itself, the event also meant that the company could test its product for almost free during perfect conditions. Finding new business opportunities is not the purpose with every sponsorship event, but it still highlights what can be achieved through experience and thereby new ways of thinking about sponsorship. However the case with Ericsson also raises another question regarding how to treat an example like this. Seeing the costs as an investment in Research and Development it would be compared to other similar long-term investments. However this thread is beyond the extent of the thesis, but it could be interesting to explore as an own subject.

#### 6.4 Conclusion

From the analysis it is possible to conclude that measurability of sponsorship events is highly experience-based. It's hard to express the value of a sponsorship event in terms of Return On Investment, since the objectives are different. Experience gained from previous sponsorship activities can be used to develop an own company-specific database, and allow a company to

make sponsorship more measurable. Being able to quantify targets and use Key Performance Indicators, a company can instead measure Return On Objectives which is important when evaluation over time, comparing against previous events and to compare versus other investments (marketing etc.) to show stakeholders their return on investment.

The thesis furthermore addresses the importance of the ability to control the event, and the database built from previous experience allows the company to use a more sophisticated managerial control system. A sophisticated system increases the ability to achieve predefined targets. Finally discussed is the implication on purpose behind sponsorship by being able to use performance measures. Being able to set and quantify targets the company can easier assess which events that may fit the organization and thereby further increases the possibility of maximizing value of the project.

#### 6.5 Suggestion for further research

The conclusions made in this thesis were based on a multiple case study at the 2015 FIS Ski World Championship at two large Swedish corporations, Stora Enso and Ericsson. The conclusions are based on a sports event and since sponsorship activities can be made on a great number of other events, it would be interesting to discuss the same question on another event. It would moreover be interesting to follow a particular company and their sponsorship activities over time, in order to draw general conclusions and to form an hypothesis.

Since only two companies were used the data source can be seen as limited, and it would be interesting to conclude a similar study on other firms. Conclusions can also be used to make a quantitative study on a large number of businesses and more far-reaching conclusions could be made.

A final suggestion has to do with the way development of the digital platform was seen by Ericsson. As concluded it could be seen as an investment, with several implications to follow. This would be value adding to further analyze and put into perspective how other long-term investments are treated internally.

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Ericsson Annual Report 2014

Stora Enso Annual Report 2014

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### 7.4 Literature

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## 8. Appendix

### Appendix A

#### **Framework interview companies**

##### **Introduction an personal information**

Your role and responsibilities in general

Previous experience

Your role and responsibilities in relation to Falun 2015

##### **Sponsorship**

Your role and responsibility in sponsorship organization (if any)

General information about the sponsorship organization

Previous sponsorship activities

##### **Falun 2015**

Background and brief description of the project

Assessing sponsorship offers

Internal commitment

External commitment

Sponsorship project from beginning until the end

Different phases externally vs internally

Purpose of the sponsorship

Audience and sponsorship activities

Target setting and evaluation

Budgeting

Several budgets?

Who was involved in the budget work?

Follow up and evaluation

Measures

Setting targets (which, how, why)

Follow-up

Evaluation

How this information is used within the organization

Decision-making and relationships

Contact with sponsorship organization

Relationships within organization

##### **Conclusion**

Were you able fulfill your targets?

What would you have done different if the project could be done twice?

Personal approach to measuring sponsorship activities.

Suggestion for appropriate measures

## Framework interview Falun 2015

### Introduction and general information

- Description of the event organization
- Your role and responsibility within the organization
- Previous experience
- Stakeholders of the event

### Event organization

- The event from beginning until the end
- Sponsorship strategy
- Setting the sponsorship offer
  - Offer in numbers
  - Possibility to adopt according to sponsors preferences
  - Formal/informal contact information
- Organization
  - Evolution over time
  - Responsibility
  - Information flow
  - Decision-making processes
- The event
  - Planning
  - Budgeting
  - Evaluation
- Follow-up and evaluation
  - Collaboration of goals and targets
  - Evaluation provided by event organization
  - Their contribution to the effects