

Decision-Making Processes for Different Categories of Sport Sponsorship

Abstract: Sport sponsorship is becoming an increasingly used marketing measure. Companies spend billions of dollars on sponsoring every year and revenues from sponsoring constitute an essential part of the sport associations' and athletes' businesses. Despite this, many aspects of sponsorship are still unexplored. This thesis aims to create a better understanding for how decision-making processes work and differ for varying categories of sport sponsorship collaborations in Sweden. This is done through interviewing ten Swedish companies active in a number of industries and studying the composition of their sponsorship activities and processes. By analyzing the results from the interviews with the help of relevant marketing and management theory, structures in the decision-making processes of the different sports sponsorship categories are found. It is shown that some sponsorship categories can be defined as traditional, with characteristics such as long lasting contracts, vague objectives and inconsequential use of policies leading to indistinct decision-making processes and results. Meanwhile, other sponsorship categories can be defined as modern, with attributes like large decision-making units, distinct strategies and active involvement from the sponsoring company, resulting in sponsorship activities corresponding closely with the core business activities.

Keywords: Decision-making process, Irrational decisions, Sponsorship, Sport sponsorship

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1. Introduction

This chapter presents the definitions of certain concepts in the thesis, the background of the studied subject sponsoring, as well as the purpose and foundation of the thesis. Furthermore, a general overview of the thesis such as delimitations and disposition is provided.

1.1 Definitions

Sponsorship

Defined by the European Council, sponsorship is a mutually advantageous relationship between people or organizations in which the organization provides benefits to the sponsored in exchange for an association with a sport, events, facilities or sport participants (Grönkvist 1985, 13).

Sponsor company

The party in the sponsor collaboration who sponsor another party will be referred to as the sponsor company. Public and private companies, municipalities, private persons, foundations and institutions can engage in sponsoring. However, in this thesis only private and public companies are studied.

Sponsor beneficiary

The party in the sponsor collaboration who is sponsored will be referred to as the sponsor beneficiary. This can be an individual athlete, a sports team or sports association, a sports arena or a sports event.

Sponsor benefit

Both parties involved gain from the sponsorship collaboration. For the sponsor beneficiary the benefit often mainly constitutes of money, but can also include objects such as cars from a car manufacturer, food from a food retailer or services such as car maintenance. For the sponsor company the benefit from the collaboration usually consist mainly of association with the sponsor beneficiary, but can also include products such as tickets to games or services such as help at company events.

Unlinked sponsorship

Unlinked sponsorship refers to sponsorship collaborations where the sponsor company and the sponsor beneficiary do not have shared activities. An example of this is a newspaper sponsoring a sports arena.

Sponsoring of an individual athlete

The sponsorship deal is established between a company and an individual athlete. The athlete can compete in an individual sport and/or as a member of a team, as long as the sponsorship contract is not connected to a team but only to the individual athlete.

Sponsoring of a team or sports association

The sponsorship deal is established between a company and an individual sports team or a sports association consisting of several teams, for example the Swedish Football Association (Fotbollsförbundet).

Sponsoring of a sports arena

The sponsorship deal is established between a company and a sports club or arena company that owns and/or is responsible for the establishment and maintenance of a sports arena.

Sponsoring of a sports event

The sponsorship deal is established between a sponsoring company and a company or organization that arranges a specific sports event.

Decision-making unit

A decision-making unit is a group of people within an organization who are involved in the buying decision (Jobber 2009, 170). The traits and dimensions of the decision-making unit affect the process and outcome of the decision.

1.2 Background

Billions of dollars are spent on sport sponsoring every year (Axelsson 2009). Revenues from sponsoring constitute an essential part of sport associations' and athletes' businesses. Sports sponsoring is thus a broadly established marketing action that ranges from support of local youth sports associations to multimillion-dollar collaborations with internationally competing

sports teams. Sponsoring is furthermore an elusive concept in the sense that not all collaborations between athletes and corporations are considered sponsoring, but sometimes are referred to as other kinds of marketing activities. These attributes of sponsorship raise the question of how well sponsorship is defined, generally in society and also by the companies using it as a marketing strategy. Perhaps more importantly, however, it opens up for research regarding unexplored features and elements of sponsorship, for example the decision-making processes and how they, maybe unbeknown to the corporations, affect the outcome of it.

The drastically different levels and characteristics of sponsorship suggest the processes within the sponsorship collaborations potentially could differ as well. Investigating various categories of sponsorship, such as sponsorship of individual athletes, sports team and associations, sports events and sport arenas might thus shed light on dimensions of the decision-making processes within sponsorship that are undetected or unexplored. The increased use of sports sponsorship as a promotional action for companies suggests that an exploration of these dimensions could be advantageous for marketing strategists.

1.3 Research question

In order to investigate this issue of differing decision-making processes between varying sponsorship structures and deals, the following question will be asked:

“Does the decision-making process when engaging in sports sponsorship differ for companies that sponsor individual athletes, sports teams/sports associations, sports arenas and sports events, respectively? If so, what do these differences constitute of?”

1.4 Purpose

The purpose of the thesis is to study differences in decision-making processes for companies engaging in sport sponsorship. Different kinds of sponsoring may have different decision-making processes, which is relevant since it can affect the dynamics and results of the sponsor-sponsor beneficiary relationship and the sponsorship in general. By looking at the decision-making process it might also be possible to identify different purposes for different kinds of sponsorship deals. This could be helpful for evaluation of the sponsorship activities.

In the literature search of the subject before the thesis, no previous research on this particular aspect of sports sponsorship was found. This finding, combined with a clear interest in more extensive research from people working in the area, makes a comparison and case study of different kinds of decision-making processes interesting and relevant. However, the thesis does not have the purpose of providing a foundation upon which generalizations about the decision-making processes in sponsorship can be made. Instead, it aims to give insight into the particular cases studied and establish a base for further research on the subject.

1.5 Delimitations

Sponsorship is a wide concept that can include many different aspects. This study is focused exclusively on sponsorship within sports. The following definition of sports from the Oxford Dictionary has been used:

“An activity involving physical exertion and skill in which an individual or team competes against another or others for entertainment”

(Oxford Dictionaries 2014).

That is, to consider an athlete or a sports team a sponsorship beneficiary, they have to perform their sport on a competing level, not purely recreationally. In addition to sponsoring of individual athletes and sports teams or sports associations, sponsoring of sports events and sports arenas has been included in the study.

A way of categorizing different kinds of sponsorship is by using the terms linked and unlinked sponsorship. Linked and unlinked sponsorship refers to the level of shared activities between the sponsoring company and the sponsor beneficiary, where unlinked means that the two parties have unrelated activities. To achieve coherency and comparability the sponsorship collaborations included in this study are exclusively unlinked.

In order to limit the study geographically and culturally, the interviews have been conducted entirely with originally Swedish companies currently active in Sweden. However, not all companies currently have Swedish owners, nor are all listed on the Swedish stock exchange. The common denominator has been that the companies have sponsorship business based in Sweden as well as Swedish offices.

The relevant varieties of sponsorship have been divided into four different categories:

- Sponsoring of individual athletes
- Sponsoring of sports teams or sports associations
- Sponsoring of sports arenas
- Sponsoring of sports events

It is uncommon that a company only engages in one sponsorship category. Instead, they are often active within several or all of the different categories.

1.6 Expected contribution

This study is intended to increase the knowledge about different kinds of decision-making processes within sports sponsorship. By learning more about how decision-making processes differ between sponsorship collaborations with varying attributes light could be shed on other areas of sponsorship as well. It could for instance be of importance when developing evaluation methods and assessing the outcome of sponsorship, aspects that are still insufficiently known today, despite the fast development of sponsorship as a marketing strategy.

During the interviews it became apparent that employees in charge of sponsorship at the companies were eager for increased research on this subject to be made. This is an indication that the current information on sponsorship is unsatisfactory and that definitions and suitable research have to be developed and made accessible to people working with marketing and sponsorship. The aim of the thesis is consequently to contribute to a better understanding of the initial processes of sports sponsorship and thus to sponsorship as a marketing practice overall.

1.7 Disposition

The thesis is divided into five different main chapters; introduction, where the background of the thesis is accounted for and theoretical framework, where theories that can give insight to relevant dimensions of the decision-making process are described. Later methodology, where information on the approach of the study and analysis is provided; results, presenting the

results of the study and finally discussion and implications, where the theory and results of the study are combined in order to detect interesting characteristics of the decision-making processes. In addition, there is also a chapter for references as well as an appendix including the interview template.

2. Theoretical Framework

This chapter accounts for relevant theories in decision-making and adjacent subjects. The theories provide a foundation to analyze and detect relevant features of the various sponsorship categories.

2.1 Introduction

As discussed in the previous chapter, the research question is: *“Does the decision-making process when engaging in sports sponsorship differ for companies that sponsor individual athletes, sports teams/sports associations, sports arenas and sports events, respectively? If so, what do these differences constitute of?”*. In order to investigate this issue further, theoretical tools in appropriate subjects are necessary. This can help identify differences and similarities in decision-making processes and what factors affect the dimensions of the process.

A fundamental theory on decision-making is accounted for by Cyert et. al (1956) and March (1991). This describes the rational decision-making process and its three essential steps. Firstly, the decision-maker needs to have all the different alternatives specified. Secondly, the decision-maker needs the consequences of each possible choice. Finally, the alternative that maximizes utility with respect to the decision-makers preferences is chosen. However, it is also argued that none or few decisions actually are made through such a purely rational process in practice. Theories on the composition of the decision-making process are accounted for below, with Cyert et. al and March’s rational structure as a foundation. Theories by Lakomaa (2009), Wahlund (1989), Fitzsimmons et. al (1998) and Brunsson (1990) will also be used to illustrate dimensions of the decision-making process.

2.2 Finding the alternatives and consequences of a decision

Cyert et. al (1956) and March (1991) account for the fact that the actual decision-making process usually not is as rational as it traditionally has been described. A vast majority of decisions do not follow this rational, three-step model. Instead, in most decision-making processes the different alternatives are not given, but need to be searched for. The searching activity demands resources such as time, money and expertise. For the vast majority of decisions, it is thus impossible to examine all conceivable alternatives. Instead, the decision

maker investigates a limited number of alternatives, usually until an alternative that is satisfactory, but not the single best, is found. An alternative might consequently only have to reach up to a certain minimum level to be accepted.

The rational decision-making process also requires all consequences of the possible alternatives to be given. However, as all different alternatives are not given in practice, neither are the consequences of them. Furthermore, the consequences of every single alternative can be divided into two parts. Firstly the consequence itself and secondly how the consequence will be valued in the future. Since nobody can predict the future, it is impossible to be sure how the outcome will be valued in the future (March 1991, 98). These factors imply that the consequences of an alternative most often are not known, but instead are difficult, sometimes impossible, to assess.

In conclusion, investigating alternatives is an essential point of the decision-making process. Thus, exploring the theories that explain the search for alternatives and their consequences is relevant. The theories show that though all possible alternatives and consequences should be given in order to have a rational decision-making process, this is rarely possible in practice due to resource restrictions and organizational issues within the organization. Instead, alternatives are searched for and evaluated only to a certain limit, sometimes resulting in suboptimal decisions.

2.3 Choice criteria in the decision-making process

March (1991) and Cyert et. al (1956) argue that one reason that the theories of traditional, rational decision-making process is not consistent with practice is that there often exist a large number of choice criteria that have varying impact on the different alternatives of the decision-making process. This, in combination with the deviations regarding alternatives and their consequences from the rational decision-making process, makes it difficult, or impossible, to find a single best alternative. Furthermore, Fitzsimmons et. al (1998) argue that different attributes in the purchased service and the importance of it for the buying organization can affect the choice criteria and the basis upon which the decision is made. This is showcased in a matrix, consisting on one dimension of the importance of the service for the buying organization and on the other of a continuum ranging from property to people to process. In the matrix the importance can be high or low, where high service importance

means that the fit with corporate goals is essential and the decision-making process hence has great involvement from high level management, while low service importance does not generate involvement from higher level management nor has a close relationship to the company's core business activity.

The second dimension represents the tangibility of the service that is to be purchased, where service tangibility is relatively high (low intangibility) for property and relatively low (high intangibility) for process. Tangibility is defined as the extent to which the service has physically measurable output properties and the possibility to specify it.

From these dimensions the authors develop several propositions regarding the process of purchasing business services. The most relevant for sponsorship decision-making are the first and second propositions, both concerning evaluation, and proposition five regarding the relationship to the supplier. The first and second proposition state that services focused toward process, rather than property, are more difficult to evaluate due to their intangible nature and the amount of time until the outcome can be determined. Furthermore, the propositions state that the decision criteria for these more process-focused services are insufficient and that decision thus has to be made on a basis of secondary factors such as relationship to the seller or personal opinion. The fifth proposition discusses the dimension of importance and the impact it has on the relationship between the purchasing organization and the supplier, stating that commitment to and a close relationship with the supplier is particularly vital when purchasing services that are of high importance and that it reduces the risk.

Wahlund (1989, 34) also discusses the impact of choice criteria in decision-making, claiming that decision-makers tend to pick certain alternatives over others, causing bias in the decision. He argues that it is common for people to search for arguments that strengthen their opinion when they are lacking mental maps or other tools to evaluate the case. This occurs for individuals as well as companies. Further description of bias in decision-making is given by the endowment effect. The effect argues that people tend to overestimate what they have and underestimate what they can potentially get and might thus not have incentive enough to consider new alternatives (Lakomaa 2009, 102).

Choice criteria can furthermore be restricted by the sunk cost effect (Lakomaa 2009, 103). The effect means that instead of evaluating an isolated alternative, the whole investment is taken into account, making an alternative seem reasonable even though it might be disadvantageous. Lakomaa explains it as follows:

“If you have already spent nine million to get something on an investment, you might as well spend another million to get something. The extra million is then put in relation to the outcome of the whole project, and can be seen as reasonable, even if the value of the whole project does not reach ten million (but is more than one million)”.

The choice criteria for a company are thus complex and depend on factors such as the characteristics of the purchased service and perceived outcome. They can be affected by, and may in turn affect, many different aspects in the decision-making process. Contrary to what the rational decision-making theory suggests actual decisions rarely seem to be made on a basis of completely objective choice criteria. These dimensions of the criteria are relevant to investigate since they constitute the foundation upon which the company makes its decisions. They consequently influence the decision-making process to a large extent.

2.4 Accountability in decision-making

March (1991) argues that the decision-making process can have other important functions in addition to resulting in an actual decision being made. The author states the following:

“The process of choice reassure the involved a) that the choice has been made intelligently; b) that it reflects planning, thinking, analysis and the systematic use of information; c) that the choice is sensitive to the concerns of relevant people; and d) that the relevant people are involved.”

The author proceeds to explain that the process of choice provides meaning and understanding of the situation for the people involved. The main purpose of the decision-making process is thus not necessarily to achieve a well-founded decision, but to communicate quality, sincerity and accountability. Symbolism and rituals are consequently vital aspects of the process.

In accordance with March's theory, Brunsson (1990) argues that decision-making can give responsibility allocation and organizational legitimacy in addition to actual choice and organizational mobilization. Brunsson further explains that following norms gives legitimacy, but that strategic issues can arise when some norms are inconsistent with each other. Discrepancy between a decision and an action should in those situations be considered a solution, as opposed to a problem since the strategic issues can be solved by deciding according to some norms and acting according to others. That way the company can maintain and gain external legitimacy despite contradicting norms. Decision-making can thus be inconsequential, unconnected to action, but simultaneously provide legitimacy.

These aspects emphasize the importance of accountability in decision-making and alternative purposes of decision-making than reaching an action plan. The theories can thus partly explain the composition and the purpose behind different types of decision-making processes, as well as the variations in accountability for them.

2.5 An irrational decision-making process

Theories suggest that a completely rational decision-making process does not exist in reality, nor would it be an efficient way to make decisions. Instead decisions are based on personal preferences, the characteristics of the purchased service, expected believability, available resources and numerous other aspects. The actual decision-making process consequently appears to be far more complex and multidimensional than the rational theory makes it out to be.

The theoretical tools used make it possible to focus on relevant aspects when investigating the decision-making processes in the different sponsorship collaborations. With the theory as a foundation research can be made regarding the decision-making units, the rationality of the decisions, the scope and intention of the collaborations and other aspects that theory suggests are essential for the process.

3. Methodology

This chapter accounts for the course of action of the study. It will describe how the selection of companies was made, how the interviews were conducted as well as how the analysis proceeded. Discussion regarding the quality of the research is also made.

3.1 Research design

The data was collected on a qualitative basis due to the fact that research on the subject of decision-making processes within sponsorship seems to be limited. Furthermore, a qualitative approach enabled understanding of the structures and dynamics of the sponsorships on a deeper level (Bryman and Bell, 2011). A qualitative approach was thus appropriate.

To get insight into the decision-making process for different kinds of sponsorship categories, ten interviews with Swedish companies that engage in unlinked sponsorship with individual athletes, sports teams and/or associations; sports arenas and sports events respectively were conducted. They were done between the 4th of March 2014 and 8th of April 2014 and lasted between 20 and 40 minutes.

3.2 Selection of theory

To gain a better understanding of the subject, literature and theory were studied. Getting a clear picture of the theories available in decision-making and sponsorship made it possible to create a solid foundation for analysis of the results from the study. The literature and theory studied thus concerned general sponsorship, sports sponsorship, purchasing, general decision-making, organizational decision-making and psychology. Furthermore, an abductive approach where information and data were collected simultaneously as theories were examined was applied (Jakobsson 2011, 17). This approach made it possible to ensure that the theories were relevant to the data obtained.

Since both sponsorship and decision-making are multidimensional concepts, theories were used to shed light on aspects within sponsorship that might affect the decision-making process, apart from the actual action of making a decision. Fitzsimmons et. al (1998), for

instance, could draw attention to the effects the importance and tangibility of the sponsorship deal had on the decision-making process, and Brunsson (1990) could emphasize the effects from symbolism. This, in turn made it possible to study factors such as high-level management involvement and sponsoring policy.

3.3 Data collection

3.3.1 Literature search

General knowledge on the subject has been created through studying newspaper and magazine articles, academic publications, literature and annual reports from companies engaging in sponsorship activities. This provided a general overview on the subject, enabling further studies in relevant areas of sponsorship and decision-making.

3.3.2 Selection of cases

Due to the limited number of cases of a qualitative study, a completely random selection of cases is difficult, if not impossible, to achieve. A broad selection of companies was thus made. Contact with the companies was initially established via email and further communication was conducted via phone. The proportion of companies that accepted to get interviewed was about 40%. It is important to keep in mind that there might be reasons for not taking part, for example that the companies work with the decision-making process in a way that they consider confidential. However, it seemed like the non-responses or rejections often were due to lack of time and resources. Two companies that were contacted wrote that they had a policy not to take part in thesis work due to time restrictions and two other said that would gladly take part, but when they got back from their maternity leave. Since the time frame was limited, all respondents that not could be interviewed in close proximity to the initial email were excluded from the study. The companies that were contacted but declined to participate in the interview or did not answer, did not belong proportionally more to any specific sponsorship category.

The selection was made on the basis of different kinds of sponsorship. The intent was initially to interview companies that had a certain focus on their sponsorship activities and mainly

engaged in one of the sponsorship categories (sponsoring of individual athletes, sponsoring of sports teams, sponsoring of sports arenas). As the interviews were conducted, however, it became obvious that companies often were engaged in several sponsorship categories and did not consider themselves to have a main one. They could also turn out to consider another category their main one, instead of the one that they initially were intended to represent a sponsor of in the study. One example is Volvo, which was contacted because of their campaign with Zlatan. After the interview it was clear that the campaign was not defined as sponsorship within the company, instead their main sponsoring activities were initiatives such as the Volvo Ocean Race. Adaptations of the initial structure and selection thus had to be made. Furthermore, it became evident that sports events also constituted a relevant variation of sport sponsorship categories and consequently was taken into consideration.

After the adaptations of the selection at least three companies within each of the four categories of sports sponsorship were interviewed. This resulted in ten interviews in total. The number of at least three interviews for each category made it possible to define a number of possible relations regarding the categories. Ten interviews in total was an appropriate number in order to be able to conclude the study within its time frame. More interviews had been difficult to carry out considering the time restrictions. In addition the applied methodology does not allow quantitative conclusions but is directed towards the generation of qualitative results.

Company	Individual athletes	Teams or associations	Arenas	Events
AXA (Lantmännen)	X	X	X	X
Berners	X	X		
Coop				X
E.On		X	X	
LKAB	X	X		
Löfbergs Lila		X	X	
Nordea				X
Norrporten		X	X	
Skellefteå Kraft	X	X	X	
Volvo		X		X

Figure 3.1 Sponsorship categorization of the interviewed companies

In order to achieve structure as well as geographically and culturally coherent results the interviews in the study were exclusively conducted with Swedish companies. Decision-making processes can vary and sponsoring due to different regulations and cultural contexts. Exclusively studying Swedish companies thus simplified the interview process and analysis of the data. The results are consequently primarily relevant for the Swedish sponsorship market. Sponsorship can also be a marketing action in many different types of corporations and organizations, however, only public and private companies engaging in sponsorship were chosen for the study with the aim to create coherency in the results.

Furthermore, the companies' chosen for the study purely engage in unlinked sponsorship collaborations. That is, all companies' business activities are unrelated to sports or anything connected to the activity preformed by the sponsor beneficiary. The decision to only include unlinked sponsorship collaborations was made in order to create coherency and since the literature search in the subject gave the impression that a majority of the large sponsorship deals in Sweden are unlinked.

The companies were selected with the intention to represent a diverse set of businesses within different industries. In order to identify differences in the decision-making processes, the study includes different companies that engage in the same kind of sponsorship categories. When investigating and selecting possible sponsor companies to interview, well-known sponsorship collaborations such as Tele2 and Tele2 Arena were sometimes used because of their visibility in media and easily available information. In other cases prominent sports teams and athletes were studied in order to identify their sponsors. Sometimes a sponsor company had been chosen to represent a particular sponsorship category in the study but later proved to engage in other sponsorship categories too. Their additional sponsorship collaborations could then be studied as well, even though they initially were not considered. The selection of particular sports or companies was consequently, in some cases, coincidental. This resulted in soccer and ice hockey constituting a main part of the sponsored teams and sports associations.

Within the category sponsoring of individual athletes, the sport was often cross-country skiing. The reason for that was mainly that the study was done during the winter season, which made it easy to identify those kinds of sponsors. Due to the nature and visibility of

events, mostly large sports events sponsored by large companies were selected for the study. This can be explained by the fact that smaller sports events occur on a very local level with a limited spread, and thus are difficult to identify.

Lastly it is necessary to remember that the benefits from sponsorship collaboration can vary. For the sponsor beneficiary it often mainly consists of money, but can also include services such as car maintenance and products such as cars or food. For the sponsor company it often mainly consists of association with the sponsor beneficiary, but can also include products such as tickets to games or services such as help with inventory. In this study no selection was made concerning the benefits from the collaborations. Within some collaborations the benefits for the sponsor beneficiary could be free car rental and the benefits for the sponsor company could partly be help in the wardrobe at company events.

3.3.3 Interviews with employees working with sponsorship

The interview preparations were initiated after gaining basic knowledge in the subject of sponsorship and decision-making and having studied relevant theories. A template with structured interview questions was developed in order to discover variations and similarities between the different cases (Bell 2000, 122). The template, based loosely on decision-making theory, was designed to indirectly examine attributes of the sponsorships and to achieve understanding of the dynamics of them. The template was adapted for respective interview to investigate certain subjects that were particularly interesting or unique for a specific sponsorship case. The questions could be further adapted during the interview if new questions were raised or the discussion was lead into different, interesting subjects that were relevant to the case. Since the study was preformed in an abductive way, the theory was developed simultaneously as the data was collected.

All interviews were conducted over phone, mainly for convenience for the companies and participants. The companies were located in different geographical parts of Sweden, such as Gothenburg and Skellefteå, which made phone interviews the least time consuming option while still enabling a comprehensive exchange between interviewer and participant. Conducting interviews on the phone might not give a connection to the participant to the same extent as a face-to-face interview, but it still made it possible for to have a proper discussion.

The phone interviews enabled insight into the decision-making process of the companies and resulted in a greater understanding of the different aspects that influence the sponsorships. Furthermore it provided good insight into respective sponsor case and the attributes of each sponsor-sponsor beneficiary relationship.

The advantage with the chosen approach of conducting interviews is that it is possible to discover and investigate unexpected outcomes or characteristics of sponsorship collaborations as well as understand them on a deeper level. In addition the approach enabled to have a comprehensive exchange with the participant in the interviews, since the interview template allowed interesting talk without being too strict with adhering to the questions (Bell 2000, 119). Disadvantages comprise that this method gives no evidence concerning the frequency of different outcomes. In addition, due to the relatively small number of cases, important facts may be missed.

During most of the interviews the audio was, with the participants' consent, recorded in order to facilitate an accurate representation of the interview and the information given in them. The interviews lasted a minimum of 20 minutes and a maximum of 40 minutes. During the shorter interviews the desired information was often achieved more efficiently, while some of the information during the longer interviews concerned subjects that were not related to the decision-making process.

3.3.4 Post interview phase

After the interviews, a summary of the conversation was written and sent to the person interviewed. The participant then had the possibility to make corrections of facts and information in the interview. The reason for this was to eliminate the risk of misunderstandings, especially since it was not possible to meet the participants in person. On the other hand, by ensuring the information, there is a risk that the participant decides to change what was said. Some information might come out of a discussion that describes how they "really" work, but may be of a sensitive nature, causing the participant to feel inclined to remove it from the content.

In the end, it was decided that the risk for misunderstandings was both bigger and more severe, than the risk of having to change something due to the participants not wanting to stand up for it publicly. Afterwards, however, it is possible to conclude that that the

participants have not, to any larger extent, had any problems adhering for what they said during the interviews. Out of respect for the interviewed persons, exact quotes were anonymized while specific companies could be referred to when reporting general information that was provided in the interviews.

To achieve structure the results were put into spreadsheets. By sorting the data on the basis of company, sponsorship category etc. different parameters that affected the collaborations became more obvious. This structure made it possible to see connections and relationships that were not as easily accessible when just studying the transcripts from the interviews. With the spreadsheet as a foundation it was possible to develop a matrix with dimensions such as decision-making unit, initiator, length of collaboration etc.

3.4 Quality of research

3.4.1 Reliability

The most important attribute of a reliable study is the possibility to repeat it and reach the same results, regardless of who performs the study (Bryman and Bell 2011). This characteristic can, however, mostly be used as a measurement of reliability in quantitative studies, and not in qualitative studies such as this one due to the limits of interviews with just a few participants. Neither is the aim of the thesis to make generalizations on sponsorship as a whole, but to study a few specific cases. In this study efforts have thus been made to conduct interviews and analyze the results from them in a way that reflects reality to the greatest possible extent given the conditions of the qualitative approach.

The template of questions was designed to create a picture of respective sponsorship deal as a whole, although there was also the possibility to later pose follow-up questions that might reveal interesting peculiarities of each company's sponsorship business. This contributed to getting general understanding of each sponsorship category, something that in turn made it more likely to perform a reliable analysis of the results.

To achieve reliability in qualitative studies aspects such as quality of the measures like technological equipment and the interviewer and participant are relevant (Olsson and

Sörensen 2011, 123). The quality of the technological equipment can be described as high. The recordings of the interviews were of high quality and enabled exact recounting of the content. When assessing the quality of interviewer and participant, reservations have to be made to the human factor and the difficulty of being completely objective. However, great effort was made in order to in the least possible way let previous experiences and interviews affect the results of new interviews through putting words in the participant's mouth or in other ways influence their answers.

By summarizing all data from the interview in a spreadsheet it was possible to categorize the results based on different characteristics. This made differences and similarities between the sponsor categories, companies, collaborations etc. easier to identify. From this structure a matrix with relevant and interesting parameters that differed between the cases could be developed.

These factors do to some extent create reliability of the study. However, it is necessary to keep in mind that it is not possible, nor desirable, to reach total objectivity when doing a qualitative study with ten interviews. There can, for example arise issues with the selection; companies or sponsorship collaborations were of varying size. Some companies had turnover rates of 100 billion SEK, while others had 1 billion SEK (more detailed information on the companies can be found in section 4.1).

Furthermore, the selection of actors within each sponsorship category might have been biased. In some categories, such as event sponsoring, well-known events sponsored by large companies were chosen, while the selection for other categories, such as sponsoring of sports teams or sports association, constituted of a search for prominent sports teams and their sponsors, maybe resulting in smaller companies being chosen within that category. While it is not necessary to assume that factors such as size of the sponsor company or sponsor beneficiary affect the sponsorship collaboration, reservations should be made that the parties in the study are diverse and have differing attributes. This is important to keep in mind when analyzing the results of the study since the structure and characteristics of a company may affect the way it does business. For example a large company might have more complex processes than a small company. It is furthermore necessary to consider that differences that were detected in the companies' decision-making processes also might have been due to different sports being sponsored or other aspects apart from the defined sponsorship

categories. In conclusion, the companies' sponsorship activities should be considered separate cases rather than a basis upon which generalizations about sponsorship can be made.

3.4.2 Validity

Validity is created when the study measures what it is supposed to measure. This can, for instance, be done by having a high quality of data collection, methods and good control of content for the participants (Olsson and Sörensen 2011, 124). The ten interviews in the study were conducted over a time period of about a month. This enabled reflection over the results and smaller adaptations of the template of questions. After each interview a summary of the content was written and sent to the participant for possible correction of facts and clarification. About half of the interview summaries were corrected and returned by the participants. There is also a possible risk that the study has examined how companies perceive their decision-making processes, instead of how they really work. However, this is considered to be unlikely, since the companies often made connections to reality when explaining their processes. These factors are expected to contribute to a relatively high level of validity.

4. Results

This chapter presents the results achieved from the interviews in the study. The results can, when linked to the theory, illustrate essential features of different sponsorship categories and collaborations that affect the decision-making processes.

4.1 The companies

In this sub-chapter, each of the companies interviewed are presented briefly.

Company	Type of industry	Turnover 2012 in billion SEK (according to annual report)
AXA (Lantmännen)	Food producer	36
Berners	Car retailer	1.1
Coop	Food retailer	37
E.On	Energy	39
LKAB	Mining	30
Löfbergs Lila	Food producer	1.1
Nordea	Bank	88
Norrporten	Real estate	1.9
Skellefteå Kraft	Energy	4.5
Volvo	Car manufacturer	105

Figure 4.1 Summary of companies' business activities

Figure 4.2 below summarizes the different kinds of sponsorship the companies are involved in. Some companies have sponsorship activities on different levels. Coop has, for instance, sponsorship of sports teams and sports arenas in addition to their sponsoring of the sports event Våruset. The sponsoring of sports events occurs on a national level, while the sponsoring of sports teams and sports arenas occurs on a regional level. In the cases where a company, such as Coop, has sponsorship activities *both* on a national level and on a regional level, only the decisions made on a national level have been studied.

Company	Individual athletes	Teams or associations	Arenas	Events
AXA (Lantmännen)	X	X	X	X
Berners	X	X		
Coop				X
E.On		X	X	
LKAB	X	X		
Löfbergs Lila		X	X	
Nordea				X
Norrporten		X	X	
Skellefteå Kraft	X	X	X	
Volvo		X		X

Figure 4.2 Sponsorship categorization of the interviewed companies

4.2 Phenomena found

In the following section phenomena and patterns that became apparent in the study are presented. This can illustrate dimensions of the sponsorship categories that are essential for the decision-making processes and thus contribute to greater understanding of variation of them.

4.2.1 Intention with engaging in sports sponsorship

When interviewing the companies engaging in the different sponsorship categories, variations in the purpose of their sponsorship activities became apparent. When supporting sports events companies often had an explicit strategy for the choice of event, the goal with the collaboration and how the goal was to be reached. The main intention with sponsoring sports events was often to create a platform to reach and socialize with clients and customers and potential clients and customers on. Nordea, for instance, started collaborating with the golf competition Nordea Masters after the top management requested an event where they could meet important clients.

“The traditional, ‘old-school’ sponsoring, is probably good if you want to be the local ‘good guy’, but I don’t think it will increase your sales. By sponsoring events, on the other hand, the company can gain economically.”

- Marketing manager at a company sponsoring events

It also seemed to be a way of conveying certain values held by the company, such as healthy, active living or luxurious life-style. Examples of this are AXA, who by sponsoring events such as Vasaloppet want to appear as a brand for an active lifestyle and Volvo, who wants to convey luxury living to their international markets by sponsoring the sailing competition Volvo Ocean Race.

Sponsoring of sports arenas had in many cases few intended outcomes. The aims often concerned exposure of the company logo or supporting the local community. This was also a common purpose when engaging in sponsorship of sports teams and sports associations, where the goals were relatively vague and helping organizations in the company’s geographical proximity seemed to be more important than prospects of achieving any kind of financial advantages from the sponsorship.

When sponsoring an individual athlete the companies often wanted to create a kind of representative person or personification of the company that the customers could identify with. In addition the sponsored athlete should reflect attributes that the sponsoring company valued and wanted to be associated with such as healthy life-style, similarly to sponsoring of sports events.

“At the point of the decision, we were working a lot with our brand. To be associated with her (individual athlete) was something that would strengthen our brand. She is the kind of person who is liked and supported by the public regardless of how she preforms in the competitions.”

- Marketing Manager of a company sponsoring individual athletes

4.2.2 Decision-making unit

The decision-making units within the companies varied, partly due to differing sizes of the businesses, but variations could also be found between the sponsorship categories. When

deciding what sports event to sponsor and to what extent, companies usually had large decision-making units often consisting of entire sponsorship councils with representatives from different parts of the organization appointed to make decisions specifically regarding sponsorship. One example is Volvo's sponsorship council consisting of managers from different business areas within the company. In this council both long term and short term sponsorship strategies are discussed.

When a company sponsoring a sports event did not have an explicit sponsorship council, it often still had a large amount of parties involved in the decision-making process and it was necessary to get formal or informal approval from several different instances in the organization in order to implement the sponsorship collaboration with the sports event. When Coop was considering to sponsor Våruset, major internal work and communication with different levels and geographical branches of the company was implemented in order to make sure it was the right decision and everyone affected in the organization agreed.

The decision-making units for arenas were often small, which also was the case for sports team and sports associations as well as individual athletes. In these collaborations the sponsoring company usually had one or a couple of people involved in the decision. The people often had extensive experience of making decisions regarding sponsoring in that particular company and were thus trusted to be able to make correct decisions on their own. In Norrporten, for example, the sponsorship decisions were usually made in consultation between the sponsor manager and the communications manager.

4.2.3 Length of collaboration

The results from the interview indicated that the length of the collaboration varied depending on the different kinds of sponsorship. The types of sponsorship that lasted for the longest period of time were deals with sports teams or sports associations as well as with sports arenas. These were often continued and contractually renewed out of "habit" or because the company "always had sponsored that team". In particular collaborations with arenas often lasted for very long periods of time, for example the sponsoring of Eon Arena, which had lasted 25 years. These sponsorships were often relatively passive and mainly consisted of a large investment from the sponsoring company when the arena was built or renovated.

“The contract on the arena lasts indefinitely/.../If I were to guess I would say that there won't be a different name on the arena as long as it exists”

- Marketing Manager of a company engaging in sports arena sponsoring

Sponsoring of sports teams had often gone on for a long time as well. This made it difficult to find people within the organization who had information and first-hand experience from the establishment of the collaboration and the decision-making process of that particular sponsorship. It was, however, obvious that the decision-making process when determining whether to renew sponsoring contracts with sports teams and sports associations was very uncomplicated and quick. The interviews showed that when a company started to sponsor a sports team they rarely stopped, and the collaborations often remained for a long time. Some companies claimed that they would not stop sponsoring the teams unless something drastic occurred such as bad financial results for the company.

The length of collaboration for individual athletes as well as sports events was usually much shorter, often a few years. AXA mentioned that their contracts ranged from one to three years, but could be renewed when the agreement ended. There were, however, exceptions, like the Volvo Ocean Race. Volvo acquired the competition around year 2000 and claimed that they have no plans to stop arranging it.

4.2.4 Initiating party

When it comes to which party initiated contact with the other party in order to collaborate with a sponsorship, some differences were found between the sponsorship categories. It was generally the sponsor beneficiary who initiated contact by sending in an application. Within sports event sponsorship it was far more common for sponsor companies to contact the sports event's organizers when they wanted to initiate a sport event collaboration. This was the case when Nordea, as mentioned previously in the chapter, wanted to host Nordea Masters.

For sponsorship of sports teams or sports associations, on the other hand, it was usually the other way around with the potential sponsor beneficiary initiating contact. The companies in general, but regarding sports team sponsorship in particular, said that they often received a lot of different sponsorship applications, and evaluated and made decisions based on the information provided in the applications and later through negotiations.

In the selection of individual athlete sponsoring there was a mixture of different initiating parties. When sponsoring successful and well-known athletes, it was seemingly more common that the company took the initiative. Less famous or young, “up-and-coming” athletes usually contacted the potential sponsor company themselves or with the help of their agent or coach.

4.2.5 Sponsoring policy

From the interviews, it was clear that a vast majority of the companies to some extent had sponsorship policies. The exact content of the policies varied, but generally consisted of certain guidelines to follow when deciding on what kind of sponsor beneficiary to choose, such as geographical restrictions or limits regarding sports categories. For example, some companies had policies of not sponsoring activities outside the local region or violent sports such as martial arts or motor sports. Löfbergs Lila stated that they put focus on sponsoring sports with connection to Värmland. They also mentioned that they have restrictions and have decided not to sponsor motor sports.

Even though most companies had some version of a policy, it was very common to make exceptions from or disregard it. These diversions from the policy were most common in the sports team, individual athlete and sports arena categories and never seemed to occur within sponsoring of sports events. The people interviewed within the categories that often made exceptions mentioned that they used the policy mostly as an excuse when choosing not to sponsor an applicant. One communications manager said that the policy was actually rather blank, but that it was a good tool in order to not be unfriendly when rejecting sponsor offers. That is, the marketing department could refer to a specific section of the policy that might not have corresponded with the applicant when rejecting them. It was also common that they said that if an interesting offer emerged they were likely to depart from the policy and accept it. Within sports event, on the other hand, the policy was something that was closely followed and seldom used as an excuse to reject applicants. The policy within the other sponsorship categories was something that was loosely followed and frequently used as an excuse for rejection of applicants.

4.2.6 Sponsoring individual athletes

In the interviews, the respondents were asked why they engage in their chosen kind of sponsorship category, and the reason for not being active in other categories. It became clear that the vast majority of companies' not sponsoring individuals deliberately avoided it due to the perceived risk of associating the brand and company with an individual person. The risk consisted of drug-use resulting in harmful spill-over effects on the image of the sponsoring company, injuries preventing the athlete from competing or being involved in "a Tiger Woods situation", as one of the respondents described it, referring to general scandals in the tabloids.

Companies who engaged in sponsoring of individuals did not perceive the risk similarly. Instead, they admitted that there was a risk associated with sponsoring individuals, but that it was not significantly bigger than within any other kind of sponsorship. The risk that did exist was furthermore dealt with by sharing core values and having clear agreements and contracts with clauses on what the occurrence of an injury or drug-use would entail.

4.2.6.1 Shared core values

Core values seemed to play an important role for some sponsorship categories. The companies sponsoring individual athletes often mentioned the importance of their company sharing core values with the athlete. Sharing core values was never even mentioned when discussing sponsoring of sports teams, sports associations, arenas or events and when outright asked about it, participants answered that it was not an essential part when deciding on what team, arena or event to sponsor.

"There is a risk associated with sponsoring individual athletes, but with her (individual athlete) we felt secure since we share core values"

- Marketing Manager within a company sponsoring individual athletes

4.3 Summary

As shown in the figure below, the different phenomena are sorted into different boxes. On the vertical axis, the different sponsorship categories are presented, and on the horizontal axis the phenomena are mentioned. This provides an overview of the main characteristics of the

sponsorship categories. The matrix will provide a basis for discussion of the dimensions of the sponsorship categories in the following chapter.

	Intention	Decision-making unit	Length of collaboration	Initiating party
Individual athletes	Personification of company	Small	Medium (up to ten years)	Both, depending on the proficiency of athlete
Teams or associations	Charity-like support of local community	Small	Long (decades), renewed regularly	Sponsor beneficiary
Arenas	Exposure of company logo and charity-like support of local community	Small	Long (decades), indefinite contract	Sponsor beneficiary
Events	To establish customer contact and convey values of the company	Large, many parties involved	Medium (up to ten years)	Sponsor company

Figure 4.3 Matrix of phenomena of sponsorship categories

5. Discussion and Implications

This chapter connects the theory and the results from the interviews in the study. This can provide insight into the dimensions of the sponsorship categories and explain the implications of their differing characteristics.

5.1 Spectrum of sponsorship categories

From the interviews it was possible to deduce that the decision-making processes within some sponsorship categories had traits that could be described as traditional and less developed, while others were relatively more modern and innovative. These differences can be illustrated with a spectrum, ranging from “old-school” or traditional sponsoring to “new” or modern sponsoring, where sponsoring of sports teams and sports associations lies toward the former extreme and sponsoring of sports events lies toward the latter extreme. The more traditional traits within sponsoring of sports teams, sports associations and sports arenas were demonstrated through few changes and adaptations of the nature of the sponsor categories over a long time. The collaborations were often similar now to their composition ten or twenty years ago with little or no adaptations to the changing business and marketing environment.

The sponsoring categories located toward the modern, innovative end of the spectrum were characterized by being based on explicit strategies as well as constantly being developed in order to always be in line with the core business and marketing objectives. This spectrum of traditional and new sponsoring can thus help specify further attributes and display aspects that earlier were vague. The sponsorship categories located toward the old-school end of the spectrum will henceforth be referred to as traditional and the categories toward the new end of the spectrum will be referred to as modern.

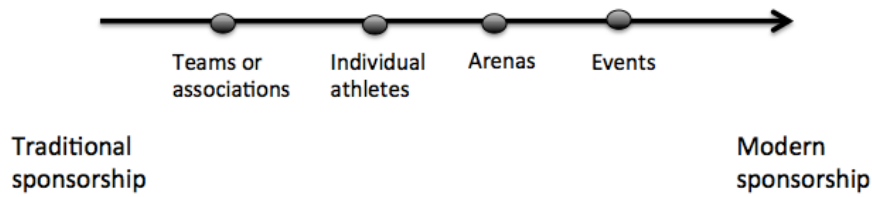


Figure 5.1 Spectrum of sponsorship categories

5.2 Searching for alternatives and initial contact

The fact that all alternatives cannot be properly assessed, and the preferred alternative only has to reach up to a satisfactory level could help explain the selection process for sponsoring sport arenas and sport teams and associations. Within these categories the sponsoring companies do not initiate contact nor search for alternatives themselves, instead they act reactively by accepting applications and trusting that the alternatives that are presented from the applications are good enough. This can result in a biased selection with only some types of applicants. If a company only has sponsored soccer-related activities before, the probability for getting offers from horseback riding or downhill skiing might be small, regardless of the fact that these activities might be more suitable for the core strategy of the company. The reactive approach also entails a risk of the company not making a proper evaluation of what kind of sponsorship would fit best with the company's strategy. These factors can contribute to making decisions to sponsor certain teams or arenas that might not be the optimal alternative for the company to sponsor. By having a more proactive approach and searching for suitable sponsor beneficiaries themselves the companies could make sure they sponsor activities that are more in line with their overall strategy.

When sponsoring sports events, sponsor companies are more likely to have a more rational decision-making approach by searching for alternatives and taking the initiative to collaborate. The reason for this could be that sponsoring of the category is more deliberate and strategic than for traditional sponsoring. The companies actively search for sponsor beneficiaries that would suit their business objectives. The result of this thorough research is

that the chosen alternative might not only satisfy the company's needs, but exceed them, leading to highly effective marketing.

The differences between the evaluation processes for the different sponsorship categories can lead to different effects from the sponsorship collaboration as a marketing action. While an extensive search for alternatives demands more resources than simply reviewing applications that have been submitted, it can also lead to more beneficial results. It is possible that these differences in the process of evaluating alternatives partly can be explained by differences in the categories' strategies and policies for sponsorship; more vague for the traditional sponsorship categories and more explicit for the modern sponsorship categories. These differences will be accounted for in the next section.

5.3 The use of the policy

The sponsorship policy existed within all sponsorship categories. There were, however, differences in the implementation and use of the policy. Among the traditional sponsorship categories as well as sponsoring of individual athletes the policy was commonly used more as a pretext when rejecting applications than an actual strategy for the marketing employees when choosing sponsor beneficiaries. The choice itself was instead based on other factors. Symbolism rather than strategy seemed to be an essential aspect of the policy in some cases. For the traditional sponsorship categories and sponsoring of individual athletes, the policy's main purpose was to communicate believability and professionalism, both internally to the people involved in the decision, and externally to the applicants being rejected. By referring to the policy when rejecting an applicant, the sponsor company could indirectly demonstrate that people with expertise who were engaged in the matter had made the decision in accordance with formal statutes. Since just saying no might have been considered insufficient, these aspects could justify the rejection.

The fact that many companies engaging in traditional sponsoring and sponsoring of individual athletes often disregarded the policy and accepted applicants that were not in line with the proposed strategy can be explained by contradicting norms. To communicate legitimacy and pursue strategic action the company might have decided on certain statutes to make sponsorship decisions in accordance with. However, if an advantageous sponsorship opportunity presented itself, it might have been considered beneficial for the company and the

stakeholders if it were to be accepted, even if it did not meet the requirements in the policy. By deciding according to some norms (the policy) and acting according to others (accepting an application that was not in line with the policy) the company could satisfy the contradicting norms. The inconsequential behavior of the some companies engaging in traditional sponsorship and sponsoring of individual athletes can thus be explained as a way of managing the norms of having a policy and the norms of taking advantage of beneficial marketing opportunities simultaneously.

The policy was consequently supposed to assure and give all parties involved the *impression* that the rejections were based on relevant grounds, rather than provide a foundation on which to actually do so. This way conflict and prolonged contact between the sponsor company and the rejected applicant could be avoided, saving time and resources. However, such a loose use of the policy, and a vague policy at that, might have contributed to decisions not being made on the most relevant criteria, resulting in non-optimal sponsoring effects.

For the most modern sponsoring category, sponsoring of sports events, the use of the policy differed. In these cases the use of the policy seemed to be almost exclusively strategic, completely constituting a foundation on which the decision on what event to sponsor was made. The policy was rarely used as an excuse or symbol for rejection. This can, however, be explained by the fact that sponsoring of sports event was a category where the sponsor company itself established initial contact with potential sponsor beneficiaries, making policies as symbols for professionalism when rejecting applicants redundant. The strategic use of the policy within sports event sponsoring might consequently be derived from a more active participation from the sponsor company when initiating contact. A closer connection between the core business strategy and the sponsorship collaboration seemed to be achieved when the sponsoring company made conscious efforts to search for and find appropriate initiatives themselves, rather than accept applications.

The traditional sponsorship categories thus seemed to use the policy more as a communication device and symbol and less as an integrated part of the core business, while the opposite was true for sports event sponsoring. The same contrast could be found with the decision itself, where the policy within the traditional categories mostly was used for negative decisions (rejecting an applicant), and in sports event sponsoring mainly was used for positive decisions (deciding to sponsor an event).

The differing uses of the sponsorship policy can partly be explained by the varying methods of initiating contact and as a way of dealing with contradicting norms. However, the differences might also have a connection to the size of the decision-making units (DMU). The DMU often consisted of fewer people in the traditional sponsorship categories and was usually larger in sponsoring of sports event. It is possible that the policy could affect the way the people in the DMU functioned as a group. Strictly following the policy could work as a way of unifying the larger DMUs, while this was not necessary in the smaller units consisting only of one or two people. In the smaller DMUs it was thus possible to depart from the policy without disrupting the group. The policy might consequently also have a organizational function for the companies engaging in sports event sponsoring.

A series of differing characteristics of the sponsorship categories such as DMUs, initiating party and need of legitimacy do accordingly affect the sponsorship policy. Further consequences of the policies and strategies and the varying implementation of them will be discussed in the following section.

5.4 The tangibility and importance of the sponsorship categories affect decision-making

When studying the results from the interviews it can be noted that the different sponsorship categories seemed to have various levels of tangibility and importance, resulting in differing decision-making processes for the sponsorship activities. Categories located toward the traditional end of the spectrum, sponsoring of sports teams and sports associations as the most extreme category, were seemingly more vague and indefinable in their strategy with goals that were difficult to measure such as presence in the local community and support of youth activities. The effect of this is that sponsorship categories defined as traditional is relatively more intangible and thus located far toward the process end on the property-people-process continuum, as seen in figure 5.2. While the purpose of sponsoring, such as support of the local community, was reported to be a relevant part of the marketing activities, there was seldom any close connection to the actual core business activities of the company. This indicates that the importance of the more traditional sponsorship categories generally is relatively low.

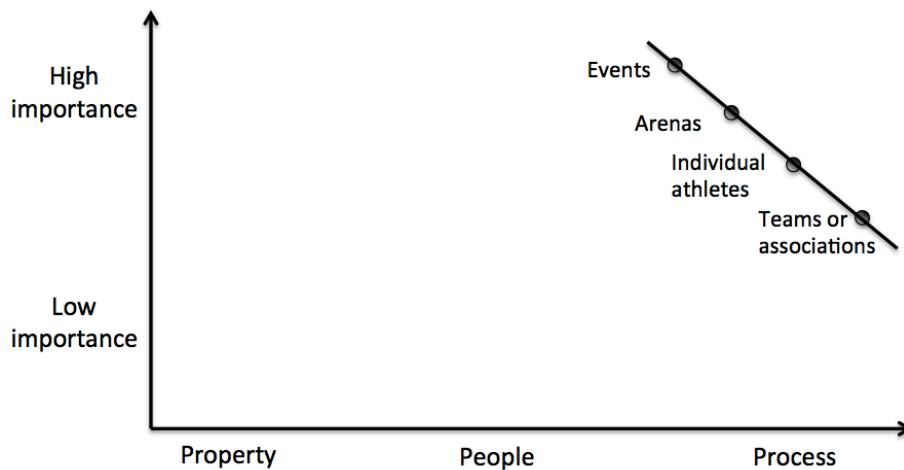


Figure 5.2 Sponsorship categories' characteristics

The consequence of these attributes of the traditional sponsoring categories is a lack of appropriate evaluation and choice criteria. This, in turn, leads to choices being made on a basis of secondary considerations. An example of this are some companies' selection of sponsorship beneficiaries based on what sports team the employees' children are active in or the established relationship with the sports team since far back in time. These selection processes might not achieve the most advantageous outcome possible for the firm.

The dimensions can also explain how the risk of sponsoring individual athletes is handled. Some companies explicitly decided against sponsoring individual athletes due to the high risk of being associated with a specific person. The companies that did choose to sponsor individual athletes, however, considered it an essential part of their marketing activities and kept a strong relationship with the athletes and their agents and coaches, and the sponsoring company emphasized the importance of shared core values. The sponsored athlete was often supposed to be an embodiment the sponsor company and its values and the relationship between the sponsor company and sponsor beneficiary was often intimate. Since commitment and loyalty to the supplier when purchasing a service of high importance can minimize risk, this close relationship between the company and the individual athlete is an affirmation that the parties share core values work as a risk reducing measure. This risk mitigation through relationships and shared core values can explain why firms choosing to sponsor individual athletes do not consider it an imminent risk in their decision-making process. Companies that deliberately avoid sponsoring of individual athletes and the risk associated with it do perhaps

not have the resources to establish a close relationship with the sponsor beneficiary or might not fully appreciate the risk reduction that a close relationship entails.

Companies engaging in sponsorship categories located toward the modern end of the sponsorship spectrum, such as Volvo and Volvo Ocean Race, had strictly defined sponsorship activities that always amounted to extensive evaluation. Companies sponsoring sports events furthermore claimed to experience no problems whatsoever measuring the results through exposure, viewer statistics etc. In addition, the decision-making units for these modern sponsorship categories were often large with great involvement from high-level management and other relevant parts of the organization. This implies that modern sponsoring has attributes that correspond more toward the property end of the property-people-process continuum than traditional sponsoring and furthermore is considered to be of high importance for the firm.

The modern sponsorship categories are thus easy to evaluate due to their relatively high level of tangibility and thereby it is possible to create well-formulated choice criteria. Purchasers do not have to make decisions based on secondary considerations, but can use a concrete approach, linking the choice to the core business strategy. This might potentially lead to a more beneficial marketing measure than the corresponding process for traditional sponsoring.

The different levels of tangibility and importance of the sponsorship categories thus results in varying possibilities of evaluation and assessing choice criteria. This, in turn, can have the consequence of ineffective sponsorship marketing for traditional sponsoring of sports teams and associations and sports arenas where the decisions often are made on secondary considerations. Despite this, the use of traditional sponsoring still constitutes a major part of the sponsorship industry and seems to be considered an important marketing action for many companies.

5.5 Why traditional sponsoring is still strong

The continued widespread use of traditional sponsoring, despite lack of obvious results and great difficulties carrying through evaluations, can partly be explained by decision-makers biased, or lack of search for alternatives. Decision-makers try to find arguments that strengthen their opinion. If a company already is engaged in traditional sponsoring activities,

it demands less resources and effort to just keep finding reasons for continuing sponsoring those activities rather than investigating and searching for new, unexplored alternatives. This phenomenon is further strengthened by the endowment effect, causing the decision-makers to overestimate the sponsorship collaboration they already have and underestimate a sponsorship collaboration they possibly could get. This can explain the resistance for engaging more in modern sponsorship categories and the lack of systematic evaluation from some companies. If a company is experienced in sponsoring a sports team or association or a sports arena, the perceived risk of continuing that collaboration is considerably smaller than switching to sponsoring sports event, for instance. Furthermore, since the company already has invested, often quite a lot of money and resources, into the traditional collaborations, another aspect is added to the choice of not changing sponsorship category. The decision-maker might get the impression that discontinuing the collaboration would be strategically and financially disadvantageous because of these previous investments, while in actuality, continuing it is more unfavorable due to the limited results. This sunk cost affect can thus explain another, often invalid, argument for resisting a change in sponsorship strategy.

Together the effects can explain why the shift from traditional to modern sponsoring has not occurred to any larger extent and why there has been little change in the structure of the traditional sponsorship categories, despite the lack of evident results and issues evaluating them. However, it is necessary to keep in mind that since the main purpose of traditional sponsoring, such as sponsoring of sports teams and associations and sponsoring of sports arenas, often is claimed not to be to achieve financial results, but to support the local community and youth activities, evaluation of the results might not be of high importance to the company. Companies engaging in traditional sponsoring may thus be of the opinion that they reach their goal with their sponsoring activities without evaluating them or actually seeing any specific changes in their own business. This charity-like quality of the traditional collaborations thus also contributes to the continued widespread use of traditional sponsorship. Nevertheless, the definition of sponsorship is “*a mutually advantageous relationship between people or organizations*”. It is consequently necessary to more closely investigate the actual advantages of the traditional collaborations for the sponsoring company in order to fully assess the dimensions of the sponsorship categories included in traditional sponsoring.

5.6 The future of sponsorship

As it becomes increasingly important for companies to be able to show concrete and measurable, financial results from their activities, it is likely that the modern sponsorship categories will grow in popularity and use among marketing departments. However, there seem to be relevant reasons for the continued existence of traditional sponsorship collaborations as well. It is possible that both traditional and modern sponsoring will grow as marketing actions, traditional sponsoring in a more charity- and goodwill-like nature and modern sponsoring with more financial and strategic intentions. The possible changes in the characteristics and orientation of the categories will affect the decision-making process, something that is relevant to take into consideration when studying sponsorship collaborations in the future.

5.7 Summary

By combining theory and the results from the study it becomes possible to gain insight into decision-making processes for different sponsorship categories. Furthermore, the theory can explain where these differences derive from and what consequences they have.

It is possible to conclude that differences exist between the sponsorship categories' in regards to the level participation in the collaboration from the sponsoring company, the use of policy, the construction of the decision-making units, the length of the collaborations, their purpose and other areas. These factors, in turn, affect the decision-making processes for the different companies and sponsorship categories as well as the result of the sponsorship as a marketing activity. It was furthermore possible to position the studied sponsorship categories on a spectrum where sponsoring of sports teams and associations and sponsoring of individual athletes were the most traditional and sponsoring of sports arenas and sports events were relatively more modern. This spectrum illustrated differences between the categories in the sense that the traditional extreme had a symbolic use of the policy, vague purposes with the sponsorship collaboration, long collaborations, small decision-making units and passive engagement from the sponsor company. Meanwhile, the modern extreme had a formal use of the policy, clear and strategic purpose with the collaboration, slightly shorter collaborations, somewhat larger decision-making units and more active engagement from the sponsor company.

Different factors that affect and in turn are affected by the decision-making process for different sponsorship categories have thus been identified. However, it is important to remember that this thesis does not aim to create generalizations for decision-making processes within sports sponsorship, but is supposed to discuss the studied cases. It can, at most, constitute a basis for further research in other sponsorship contexts. More research is thus needed in order to determine how the decision-making processes in sponsorship work. In chapter 5.8 *Recommendations for further research* below, potential topics are proposed.

5.8 Recommendations for further research

Sponsorship, being a relatively unexplored subject, provides different areas where further research could be interesting. From the outcome and analysis of the study it is possible to conclude that there are many dimensions that can be investigated further within the subject of the sponsorship policy. The study showed that the policy often is used differently to what it might initially be intended to. For example many companies used it as a symbolic tool rather than a strategic one and often disregarded it when it came to making decisions. These factors open up for possible areas of research such as what happens with the accountability when the decision-maker deviates from the policy and how important is it for the potential sponsor beneficiaries that their proposal gets rejected with a reference to a sponsoring policy. This could also be interesting to investigate with different areas of sponsoring as a base.

In addition, as the marketing and sponsoring methods grow and evolve, it is, as discussed earlier, possible that the use of modern sponsorship will increase proportionally. Such a change in the dynamics between the sponsorship categories could modify the decision-making processes. It would consequently be interesting to investigate in what way and how the changes would differ between industries and due to other aspects that could be relevant such as the size of the sponsoring company.

These are some suggestions on research that could be made within the area of decision-making within sponsorship. As mentioned, however, sport sponsorship is a complex and comprehensive field of marketing and the possibilities of investigating it further are virtually endless.

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7. Appendix

Interview template

Describe the sponsorship collaboration in general terms.

How long has the collaboration lasted?

Which party initiated the contact in order to start the sponsorship collaboration?

How was the contact established?

Why did you decide to sponsor them?

What potential risks and benefits did you consider the collaboration to entail?

What is the main purpose of the sponsorship for you as a company?

How many people were involved in the decision-making process and in what way? Both in the sponsoring company and for the sponsor beneficiary.

Which people/parties have the largest influence on the decision that is made?

What other types of sponsorship does the company engage in?

Why do you choose/avoid to sponsor those activities?

How does the sponsor activities differ for sponsoring of different types of sponsorship?