

Sport Sponsorship in China: Past, Present and Future

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The Chinese sport industry reflects the complexity of the nation as a whole: it is undergoing rapid development and transformation but is characterized by contrasts between the modern and the archaic, between reform and conservation, between advancement and complacency, between capitalism and the remnants of the Marxism system. This complexity has resulted in severe structural conflicts in sports as the nation has engaged in the transition from a sport-centered toward a marketing-centered system. As part of the commercialization of sport being advanced in China, from 1984 to present, sport sponsorship has experienced several developmental stages. This paper systematically examines the development process of sport sponsorship in China in order to explore the dynamics, challenges and complexities encountered by both corporate sponsors and sport organizations.

The purpose of this study is to better understand how commercial sponsorship (Meengan, 1991) has been accepted and disseminated over the course of the reform and opening of market in contemporary China. In view of the rapid changes currently happening in the emerging market, international organizations and events (e.g., Olympic Games and Formula One) have helped to catalyze reforms in the sport sponsorship system.

According to Geng, Burton and Blakeman's (2002) research, in the early 2000s, sport sponsorship in China was still in a stage of infancy and going through a difficult transition period. In fact, their findings uncovered "a formidable philosophical gap that separated the sport-centered and marketing-centered mindsets of entities involved and threatened the success of sport sponsorship in China" (p. 20). Theoretically, Li (2000) reveals that there are four formats of sport sponsorship in the current situation in China.

Format 1: Commercial sponsorship is undertaken under government administrative guidelines.

Format 2: Commercial sponsorship is undertaken with government assistance.

Format 3: Sport clubs use celebrity athletes to attract corporate sponsors.

Format 4: Sport sponsorship arrangements are derived purely from corporate willingness to be involved.

The above four formats of commercial sport sponsorship reflect the nature of China's sport market. First, sport has long been regarded as celebrating the nation and hence is pursued by sponsors for its political ties. Second, a lack of applications for commercial-driven sponsorship reveals that the market-centered sport sponsorship system has not yet matured in a commercial sense. Finally, sport sponsorship is currently in transition and would be difficult to sustain without government assistance because government functions as an intermediary in the absence of market support for particular sports.

Initially, the Chinese government undertook an important intermediary role to facilitate sport sponsorship. After IMG invested in Chinese football in 1994, IMG brought in a whole set of international operational models from western countries and they let the Chinese sport organizations learn from them. However, IMG did not do well in China because they did not know Chinese culture and the natural context. Chinese companies, which do not have expertise in sport sponsorship, invited international/foreign sport agencies to be their consultants that did not understand the Chinese market, however, the former believed what the latter said in international models and hence the Chinese companies did as the foreign agencies instructed. Both of them failed in the Chinese sport sponsorship market.

Academically, Chinese sport sponsorship has not become a mature theoretical system yet. Practically, sport sponsorship has not operated in market-driven ways, but rather with government intervention. In a macro perspective, the study reveals that the Olympics and international sport agencies entered into the China sport market as a catalyst and are moving the system toward commercially driven sport sponsorship. However, the transition has been slow. Learning takes time, and many issues and concerns have arisen from the exploratory trials. Pragmatic sponsors face a problematic situation when Chinese domestic firms or multinational corporations get involved in the Chinese sport sponsorship industry.

With advent of the 2008 Beijing Olympic Games and IOC involvements, western commercially driven sponsorship is gradually becoming popular where corporations have recognized its potential impact on brand building. The Beijing 2008 Olympic Games have educated Chinese enterprises about sport sponsorship properly. Along with Olympic marketing programs in China, sport sponsorship has emerged and is experiencing a transformation in China.

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Drawing on interviews with 6 national corporations and 5 international corporations, as well as with 6 experts in sport organizations, this paper suggests that combining Chinese characteristics with western frameworks to form a combined Chinese sponsorship system should be the key driving. To do this, the primary task will be to establish a set of sponsorship laws and regulations in China. The solution may depend on sponsorship's advanced development in China, as the issues came from China's model of sport and the immature state of sponsorship operations.