The role of sponsorship within organizations has changed from a purely philanthropic exercise into an integral component of the marketing mix. The changing view of sponsorship has also meant a change in managerial expectations. The prominence within the promotional budget has increased the need for sufficient justification to stakeholders for entering into a sponsorship agreement as well as a reasonable return on investment for sponsorship spending (Amis, Pant & Slack 1997). The justifications needed by managers for the selection of sponsorship properties and how they intertwine with achieving corporate objectives put increasing demands on managers (Tripodi, Hiron, Bednall & Sutherland, 2003). This increased need for validation, along with the sheer volume of proposals available, finds managers facing a problem of identifying sponsorship opportunities that meet corporate objectives. In particular, identifying the characteristics of the sponsorship such as media coverage, attendance and various on-site communication instruments available which meet corporate sponsorship guidelines, is an issue requiring investigation. Thus, this study examines the relationships between those sponsorship characteristics and the rights fee paid by the corporation.

Successful sponsorship can support an organization’s sustainable competitive advantage (Amis, Pant & Slack, 1997; Fahy, Farrelly & Quester, 2004; Farrelly, Quester & Burton, 2006). Emphasis has been placed within recent studies on understanding the key competencies needed within the organization to manage a successful sponsorship relationship (Farrelly, Quester & Burton, 2006; Kloppenborg, Tesh, Manolis and Heitkamp, 2006). Previous research has developed screening tests to aid managers in sponsorship selection. Importantly, to date, there has not been a strong empirical evaluation of the communication characteristics in sponsorship that influence price. This would be valuable managerial information.

Sample

Four online sponsorship databases were selected to form the sampling frame and were augmented by the use of search engines such as Google to identify sponsorship proposals seeking funding. Search terms such as “sponsorship opportunity” or “sponsorship proposal” were used within Google to identify proposals advertised on the event websites. A sample of 300 sponsorship proposals was collected from the Internet between February and August of 2006. The sample comprises equal groupings for sport, charity and art/entertainment categories. This was to ensure the overall analysis is not weighted by one category’s characteristics. Proposals were coded for all communications characteristics offered to potential sponsors.

Model

Structural Equation Modeling is used to determine the relationship between rights fee price and various communication vehicles offered across varying components of media coverage and attendance. It is hypothesized that on-site communications measured by logo, logo heart of action, branding on people, access to customers, handouts, customer interaction, hospitality and access to property offerings are likely to have a positive influence on the rights fee price. Also, media coverage and attendance are hypothesized to have a positive impact on rights fee price.

The final model ($\chi^2 = 43.208$, degree of freedom=34, $\chi^2/df=1.271$, p=1.134, CFI=0.930, IFI=0.935, TLI=0.907, RMSEA=0.030) suggests media coverage is the most influential variable to explain the rights fee price with attendance. Interestingly, on-site communications do not have any statistically significant relationship with rights fee price. Access to property offerings such as celebrities, however, has a significant positive impact on rights fee price. In addition, media coverage significantly mediates this relationship.
Implications

The practical nature of this study is empirical confirmation of the long held business understanding that media coverage is the single largest driver of sponsorship rights fees. The second implication would be the apparent effectiveness of accessibility to celebrities among on-site communication components when examining sponsorship price. The final point of interest is that most on-site communication such as logo display, branding on people, handouts, customer interaction and hospitality, while important components for attendees, do not drive event property price. This suggests that event organizers may have an opportunity to enhance the roles and values of on-site communication components to corporate sponsors, particularly if they relate in some way to the nature and extent of media coverage as is the case with celebrity access.