Managing Sport Sponsorship Relationships towards a Happy End: Structures, Processes, and Evaluation Strategies

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Olympic sponsorship has become one of the most dynamic forms of partnerships, offering potential mutual benefits for both corporations and the Olympic Movement (Payne, 2005). Researchers and practitioners have focused on partnership formation and management as a strategy through which organizations can explore innovative ways to achieve synergies and bring positive changes for both sides (Babiak, 2007; Child & Faulkner, 1998; Kanter, 1989; 1999; Huxham & Vangen 2005; Lorange & Roos, 1992). Despite the expected value of corporate-sport partnerships (Shi, Ghosh, & Srinivasan, 2010), there are a number of major barriers to, and shortcomings of, such interorganizational relationships (Cuplan, 2002; Huxham &Vangen, 2005; Shaw & Allen, 2006). Some studies report high failure and termination rates due to inadequate management of collaborative relationships such as inappropriate structures, ineffective communication, and an unwillingness to learn (e.g., Farrelly, 2010; Frisby, Thibault, & Kikulis, 2004; Kanter, 1999; Lorange & Roos, 1992). Empirical research reveals that unsatisfactory partnership performance ranges from 40–70 percent (Culpan, 2002). In the case of cross-sector collaboration (e.g., nonprofit and business), there usually are more complexities due to competing values and different professional mindsets (Thibault, Kikulis, & Frisby, 2004).

Recent studies show that sponsorship can be operated as a strategic alliance, and that understanding the mechanics of sport sponsorship relationships is critical for sponsorship success (Amis, Pant, & Slack, 1997; Farrelly, 2010; Farrelly & Quester, 2005; Olkkonen, 2001; Olkkonen, Tikkanen, & Alajoutsijarvi, 2000; Urriolagoitia & Planellas, 2007; Yang, Sparks, & Li, 2008). Although a relationship approach to sponsorship emphasizes the importance of understanding the mechanics of the sport sponsorship relationship (Cousens, Babiak, & Bradish, 2006; Shi et al, 2010; Urriolagoitia & Planellas, 2007, Yang et al., 2008), little research has been done on how to manage such relationships in terms of appropriate structures, processes, and evaluation strategies.

This study draws on inter-organizational relationship theory and research, particularly on work by Frisby, Thibault and Kikulis (2004) on the role of managerial structures and processes in partnership management, and on work by Olkkonen (2001) on relationship approaches to sponsorship. We conceptualize sport sponsorship relationships as partnerships, and identify key elements for managing the dynamics of corporate-sport relationships in progressive ways. The purpose of the study was to explore the sponsorship management strategies of an Olympic organizing committee and its major corporate partners, and identify key areas of success as well as challenges.

The research focused primarily on the period between 2006 and 2009 when VANOC (Vancouver 2010 Olympic and Paralympic Winter Games Organizing Committee) and the six National partners (i.e., Bell, RBC Royal Bank, HBC, Rona, Petro-Canada, and GM Canada) were in their initial relationship management stage. The timeframe was selected because many interactions, interorganizational learning and operational problems occurred in the partnerships during this period. According to the IOC principle of Olympic sponsorship exclusivity, the six companies represented six different industries in Canada. As such, this diversity of the national partners afforded an opportunity to capture a wide range of perspectives on managing relationships with VANOC. The research design incorporated two main approaches to data gathering including document analysis and semi-structured interviews. A total of 128 documents obtained through diverse channels, including personal exchange, industry workshops, library newspaper archives, and the Internet. These included VANOC business plans, sustainability reports, bid book and corporate responsibility reports as well as newspaper articles. The analysis of these documents contributed to better understand the organizational goals and values that affected their partnership management. The second approach to data collection involved semi-structured interviews with 26 managers and staff from VANOC and identified corporate partners working with the relationships. The corporate participants include seven senior marketing mangers from the above six National Partners. The analysis of data followed a framework analysis based on the theoretical description (Ritchie & Spence, 1994).

The research findings demonstrated a series of structural components in the relationship between VANOC and the partners, including shared goals, assigned personnel, a well-organized structure under contractual relationship, non-contract support, as well as flexibility. The process considerations in this study were identified in terms of five main determinants: communication, commitment, sharing learning, open relationships and a willingness to determine a solution. Each of these elements played an important role related to the connections with others in the process of partnership management. The findings showed that VANOC used a Partner Satisfaction Survey conducted by a third party to evaluate their partnerships with the corporate sponsors beginning in 2006. This once-a-year survey helped VANOC improve its services with the goal of keeping their corporate sponsors happy. Some corporate partners also conducted self-evaluations to assist in making the relationships smooth and strong.

This study also found that the management phase was a domain where tension, disagreement, and confusion could arise regarding each other's expectations. Even though both VANOC and the corporate partners spoke enthusiastically about their experiences of working collaboratively, they also reported having to deal with serious issues in order to achieve their goals. For example, corporate sponsors sometimes commented on how difficult it could be when negotiating with VANOC about using Olympic rings or logos in their sponsorship activations. Another issue mentioned by both VANOC and the corporate participants was that some of the Vancouver 2010 sponsors had made changes in their staff during the period of their partnership with VANOC. The issues listed in these examples were just a small number of the myriad of interrelated matters that faced VANOC staff and corporate managers who were involved in managing their Olympic partnerships. On the one hand, VANOC was intended to have recruited as many sponsors as possible to support the Games, while still respecting product category exclusivity; on the other hand, corporate sponsors wanted to eliminate as many competitors as possible. Obviously, such dilemmas could lead to tensions and conflicts between the focal organization (VANOC) and the corporate partners. Of course, a good relationship could help with finding a way of resolving such issues, but this sometimes was seen to lead to the creation of other issues (Huxham & Vangen, 2005).

The managerial structures and processes described in the study may prove useful references for other kinds of sport partnerships. The results indicate that both partnership management and partnership evaluation have a significant impact on the success of sport sponsorship.