The Path to Global Sport Sponsorship Success:
An Event History Analysis Modeling Approach

Dissertation

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By

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Abstract

With more than $55 billion allocated towards the practice on an annual basis, sponsorship has become an increasingly integral part of the marketing mix for brand marketers (IEG, 2015). Further, sport organizations rely on sponsorship as an important funding mechanism to finance its continued operations. Utilizing the lens of the relationship marketing literature, it is evident that the relationship between the sponsoring firm and a sponsored property is intended to be a long-term, mutually beneficial partnership. However, despite the importance of a sponsorship’s duration to both sides of the relationship, it is not well-understood whether certain factors or conditions can jeopardize these cooperative, business-to-business partnerships. Therefore, this study intended to further understanding of the relationship between sponsorship sellers and buyers by investigating factors that may predict the dissolution of such partnerships. Event history analysis (EHA) modeling approaches were employed to investigate sets of variables representing four distinct factors, including economic conditions, agency conflicts, sponsor-related and property-related factors, utilizing a historical secondary dataset featuring a pooled sample of 68 global Olympic TOP and FIFA World Cup sponsorships.

Using a hierarchical (nested) modeling approach, results indicated that the blocks of sponsor-related and property-related variables, as well as variables representing
economic conditions, predicted a significant amount of incremental variance in the hazard rate for sponsorship dissolution. For example, the presence of an inflationary economy in the home country of the sponsor was found to be a statistically significant predictor, with a 1% increase in the average annual growth rate of the consumer price index during the sponsorship increasing the hazard of sponsorship dissolution by 64.4%. Sponsor-related variables that were found to be significant included whether or not the sponsoring brand was congruent with the property (which decreased the hazard of dissolution by 55.5%) and whether the brand has a high degree of brand equity (which decreased the hazard by 84.2%). Significance among the property-related variables was driven by the influence of a variable representing the amount of clutter in the property’s sponsorship program, with every one additional sponsor of these global properties increasing the hazard of the sponsorship ending by 95.4%.

From a theoretical standpoint, the study represents an important extension of the relationship marketing paradigm to better understand the dynamics of the sponsorship business-to-business relationship. For example, the finding that external forces (such as economic conditions) can jeopardize the future of such relationships represents an important theoretical implication. In terms of managerial implications, furthering understanding of which types of sponsors engage in longer-running sponsorships, as well as factors that may predict the end of the partnership, can assist both buyers and sellers by ensuring these conditions are closely monitored throughout the partnership. Future research should expand the use of EHA modeling approaches to other sponsorship contexts, including league, naming rights, and local sponsorships.
Dedication

This work is dedicated to my parents, who encouraged anything I ever wanted to do in life, my unbelievably supportive and caring wife, and my son, who inspires me each and every day.

“It is not the critic who counts; not the man who points out how the strong man stumbles or where the doer of deeds could have done them better.

The credit belongs to the man who is actually in the arena, whose face is marred by dust and sweat and blood; who strives valiantly; who errrs, who comes short again and again, because there is no effort without error and shortcoming; but who does actually strive to do the deeds; who knows great enthusiasms, the great devotions; who spends himself in a worthy cause; who at the best knows in the end the triumph of high achievement, and who at the worst, if he fails, at least fails while daring greatly, so that his place shall never be with those cold and timid souls who neither know victory nor defeat.”

Theodore Roosevelt
26th President of the United States
The Sorbonne
April 23, 1910
www.theodorerooseveltcenter.org

“But why, some say, the moon? Why choose this as our goal?

And they may well ask why climb the highest mountain? Why, 35 years ago, fly the Atlantic? Why does Rice play Texas?

We choose to go to the moon in this decade and do the other things, not because they are easy, but because they are hard.”

John F. Kennedy
38th President of the United States
Rice University
September 12, 1962
www.jfklibrary.org
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# Table of Contents

Abstract ................................................................................................................................. ii

Dedication ............................................................................................................................... iv

Acknowledgments .................................................................................................................. v

Vita ........................................................................................................................................ vii

Table of Contents .................................................................................................................. viii

List of Tables .......................................................................................................................... xi

List of Figures ......................................................................................................................... xii

Chapter 1: Introduction ......................................................................................................... 1

  Theoretical Framework ....................................................................................................... 6

Purpose of the Study and Hypotheses .................................................................................. 14

  Economic Conditions ....................................................................................................... 16

  Agency Conflicts .............................................................................................................. 19

  Property-Related Factors ................................................................................................. 21

  Sponsor-Related Factors ................................................................................................. 23

  Control Variables ............................................................................................................. 27

  Operational Definitions .................................................................................................... 33
Chapter 2: Review of Literature .................................................................................. 36

A Historical Perspective.............................................................................................. 37

The “Evils of Commercialism” .................................................................................. 37

The 1984 Los Angeles Olympic Games ..................................................................... 43

The Dawn of Ambush Marketing .............................................................................. 49

The Impact of Television ............................................................................................ 56

The Creation of TOP .................................................................................................. 58

The Sponsorship Academic Literature ..................................................................... 70

Defining Sponsorship ................................................................................................ 72

The Objectives of Sponsorship .................................................................................. 74

Consumer Effects of Sponsorship .............................................................................. 75

Firm Effects .................................................................................................................. 87

Addressing Gaps in the Sponsorship Literature ......................................................... 95

Chapter 3: Methodology ............................................................................................ 98

Pitfalls to Avoid in EHA ............................................................................................. 102

Modeling Approach .................................................................................................. 106

Creation of Dependent Variable .............................................................................. 109

Operationalization of Independent Variables .......................................................... 119

Control Variables ...................................................................................................... 123
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data Analysis</td>
<td>125</td>
</tr>
<tr>
<td>EHA Modeling</td>
<td>129</td>
</tr>
<tr>
<td>Chapter 4: Results</td>
<td>132</td>
</tr>
<tr>
<td>Construction of Life Tables</td>
<td>132</td>
</tr>
<tr>
<td>The Hazard Function</td>
<td>138</td>
</tr>
<tr>
<td>The Median Lifetime</td>
<td>140</td>
</tr>
<tr>
<td>EHA Modeling</td>
<td>142</td>
</tr>
<tr>
<td>Testing Assumptions</td>
<td>147</td>
</tr>
<tr>
<td>Hypothesis Testing</td>
<td>149</td>
</tr>
<tr>
<td>Predictive Modeling</td>
<td>156</td>
</tr>
<tr>
<td>Predicted Values</td>
<td>158</td>
</tr>
<tr>
<td>Chapter 5: Discussion</td>
<td>165</td>
</tr>
<tr>
<td>Theoretical Implications</td>
<td>170</td>
</tr>
<tr>
<td>Managerial Implications</td>
<td>171</td>
</tr>
<tr>
<td>Implications for Sellers of Sponsorship</td>
<td>171</td>
</tr>
<tr>
<td>Implications for Sponsors</td>
<td>177</td>
</tr>
<tr>
<td>Limitations and Future Research</td>
<td>179</td>
</tr>
<tr>
<td>References</td>
<td>185</td>
</tr>
</tbody>
</table>
List of Tables

Table 1. History of Olympic (TOP) Sponsors (1985-2014) ........................................ 116
Table 2. History of FIFA Partners/World Cup Sponsors (1979-2014) .......................... 117
Table 3. Life table describing duration of TOP sponsorships .................................... 134
Table 4. Life table describing duration of FIFA World Cup sponsorships ................... 135
Table 5. Descriptive statistics for independent variables .............................................. 143
Table 6. Hierarchical regression results ........................................................................ 151
Table 7. Review of hypotheses testing .......................................................................... 152
Table 8. Predicted sponsorship durations – Differentials ............................................ 162
Table 9. Predicted failure functions – Differentials ...................................................... 163
List of Figures

Figure 1. Conceptual framework ............................................................................................... 15
Figure 2. Advertisements in program for 1964 U.S. Olympic Trials in New York ........ 47
Figure 3. Preliminary agreement between the IOC and ISL to initiate TOP program .... 61
Figure 4. Durations of time-to-event for TOP sponsorships....................................................... 113
Figure 5. Graph of survivor functions for TOP and FIFA World Cup sponsorships ...... 137
Figure 6. Graph of smoothed hazard functions for TOP and World Cup sponsorships .... 141
Figure 7. Plot of scaled Schoenfeld residuals against survival time ranking ................. 150
Figure 8. Log-log Kaplan-Meier survival estimates plotted against time ....................... 150
Figure 9. Graphs of smoothed hazard functions featuring differentials ............................. 159
Chapter 1: Introduction

Sponsorship has evolved into an increasingly essential part of the marketing mix for brand marketers. On a global basis, an estimated $55.3 billion was allocated by marketers towards sponsorship in 2014, an increase of 4.1% from 2013 (IEG, 2015). From the perspective of the sponsoring brand, research has consistently shown that investing in sponsorship can affect brand awareness (Levin, Joiner, & Cameron, 2001), brand image (Gwinner & Eaton, 1999), brand loyalty (Levin, Beasley, & Gamble, 2004), and a firm’s financial performance (Elberse & Verleun, 2012; Miyazaki & Morgan, 2001).

At the same time, many sport organizations still rely on sponsorship as an essential funding mechanism for its continued operations (Cornwell & Maignan, 1998). For example, in the context of Formula One (F1) Racing, more than 70% of the operating budgets of its teams are generated via corporate sponsorship (Cobbs, Groza, & Pruitt, 2012). In another example, more than 44% of the revenue generated by the Olympic movement during the 2005-08 quadrennial resulted from sponsorship (IOC, 2012). This included $866 million in revenue from the International Olympic Committee’s (IOC) The Olympic Partners (TOP) program and $1.55 billion in revenue from domestic Organizing Committee for the Olympic Games (OCOG) sponsorship programs (IOC, 2012). For the Fédération Internationale de Football Association (FIFA), more than 28% of its event-
related revenue ($1.09 of $3.89 billion) during the period of 2007-10 was attributable to the sale of sponsorship rights (FIFA, 2011).

However, despite its importance to the continued operation of sport organizations and its effectiveness in supporting brand marketing initiatives, the dynamics of the sponsor-property relationship have been afforded scant attention in the literature. The sponsorship literature has been dominated by studies focusing on the role and importance of factors (such as congruence, or the fit between a brand and sponsored property), that determine whether a sponsor and property should be matched together (e.g., Fleck & Quester, 2007). While this study builds on that foundation, this work was designed to advance knowledge of sponsorship-related decision-making by furthering understanding of the factors that impact the duration of sponsorships. Some sponsorships, such as Coca-Cola’s long-standing sponsorship of the Olympic Games or Gillette’s sponsorship of Major League Baseball, continue for decades (IOC, 2014; Lefton, 2009). Others, such as China-based Lenovo’s sponsorship of the Olympic Games, are never renewed, surviving for only a handful of years (Ferrand, Chappelet, & Séguin, 2012).

This study intended to investigate the factors that may influence why sponsorships continue, or are dissolved. Are there conditions that may jeopardize these long-term, business-to-business marketing partnerships? Unlike other marketing expenditures, which are transactional in nature, sponsorships require a great deal of resources to maintain, given the importance of allocating marketing and promotional support to ensure the sponsorship is leveraged properly and achieves stated objectives (Cornwell, 1995). Further, the relationship marketing (RM) literature that informs this study has found that the practice of
establishing, developing, and maintaining such relationships require levels of commitment and trust not necessary in other types of marketing resource allocations (Morgan & Hunt, 1994). Thus, this study was designed to not only apply, but extend the RM literature by ascertaining whether certain conditions, including external factors such as economic conditions, can jeopardize these business-to-business partnerships. Such long-term relationships have the propensity to positively impact key business objectives, such as increases in brand equity and financial value (Cornwell, Roy, & Steinard, 2001), while at the same time providing the sponsored property with long-term revenue support. Therefore, from a managerial standpoint, if marketers and properties can improve their understanding of predictors of the dissolution of such partnerships, these conditions can be closely monitored throughout the relationship. In today’s economic climate, this research has important implications for both sides of the relationship, given the extraordinary resources necessary to enter into and maintain these partnerships.

The duration of global sponsorships and the factors that may influence it have not been empirically investigated previously in the literature utilizing appropriate statistical methods. Describing the duration of sponsorships utilizing a measure of central tendency is inappropriate, given the presence of censored observations within the dataset (i.e., sponsorships that are currently ongoing). “Traditional statistical methods provide no ready way of simultaneously analyzing observed and censored event times,” explained Singer and Willett (2003). “Survival methods do” (p. 325). Therefore, this study utilized event history analysis (EHA) modeling approaches (i.e., survival analysis) to empirically examine factors influencing the dissolution of sponsorships. Specifically, this study began
by utilizing what Box-Steppensmeier and Jones (1997) termed a “life-table analysis” to construct life tables for global sponsorships, leading to calculations of the survival and hazard functions for these sponsorships over discrete time periods. The life tables were then utilized to calculate the median lifetimes for these sponsorships, which were compared to mean lifetimes computed without taking into account the durations of sponsorships that are currently ongoing. Singer and Willett (2003) recommended the construction of life tables as the first step in any event history analysis in which the duration of time before the event in question is of interest. This approach was also advocated by Kleinbaum and Klein (2005), who stated that two important goals of EHA is to estimate (and analyze) survivor and hazard functions from the data, and investigate the potential relationship of explanatory variables. Utilizing a life table analysis approach to determine hazard functions (defined as the conditional probability that a sponsorship ends during a specific time frame) helps to better understand during which time periods sponsorships are more susceptible to possible dissolution. Once life tables for global sponsorships were constructed, EHA modeling approaches were utilized to determine which factors are predictive of sponsorship durations. This led to the development of a predictive model, which was then utilized to compute predicted durations for sponsorships undertaken by various types of firms and under varying conditions. These predicted durations should prove helpful to both sides of the sponsorship relationship in long-term budgeting and forecasting activities.

This study utilized two distinct investigational contexts in global sponsorship: the Olympic Games and the FIFA World Cup. There is a basis in the literature for studies utilizing these two important contexts, as these are the same contexts in Mazodier and
Quester’s (2014) longitudinal analysis of the impact of congruence on brand affect. The first context to be examined was the entire history of the TOP Olympic sponsorship program, which began in 1985 and continues to this day (Davis, 2012). A global sponsorship of the Olympic Games provides, among other assets and rights, the ability for a brand to associate itself with one of the most recognized and admired symbols in the world, the Olympic rings (Davis, 2012; Preuss, 2004). According to IOC research commissioned in 2008, 96% of all people globally can correctly identify the Olympic Rings (IOC, 2012). The second dataset was comprised of the history of both FIFA Global Partners and World Cup Sponsors dating back to 1979 (FIFA, 2013). Staged every four years, the 2010 FIFA World Cup reached more than 3.2 billion people, while more than 2.2 billion watched at least 20 consecutive minutes of coverage (FIFA, 2010).

These contexts were ideal for this study for several reasons. First, these two events are indisputably the most popular and most-watched sporting events in the world. “Only two sports events command a truly global audience,” noted Davis (2012), “the FIFA World Cup and the Olympics” (p. 206). A total of 672 million Tweets were produced about the 2014 World Cup, including more than 35.6 million Tweets during the semifinal between Brazil and Germany and a record 618,725 Tweets per minute during the World Cup Final (Rahn, 2014). In terms of television, a global audience of 909 million watched the 2010 World Cup Final, and more than 1 billion were estimated to have watched the 2014 Final (FIFA, 2010; Philipson, 2014). The most recent Summer Olympic Games in 2012 were watched by more than 219.4 million Americans, making it the most-watched event in U.S.
television history (Crupi, 2012). On a global scale, a total of 220 countries broadcasted the Games to a global audience of more than 3.6 billion (IOC, 2014).

Second, the investments required to undertake these global sponsorships are so significant that it is unlikely that decisions related to whether to continue or dissolve the sponsorships are made simply by chance. For example, an analysis of the revenue of the TOP program for the most recently concluded quadrennial (2009-2012) indicated that the 11 sponsors participating in the program spent an average of $87 million over the four-year period (IOC, 2012). Finally, each of the Olympic and World Cup sponsorships begin and end in a discrete time period of four years. Though the EHA methodology is robust to the inclusion of different durations across observations, the four-year periods were useful for facilitating meaningful comparisons between the two contexts.

Theoretical Framework

The relationship marketing (RM) literature is the lens which was utilized to examine sponsorship-related decision-making. RM (Morgan & Hunt, 1994) helps to explain and understand the partnership that exists between a corporate sponsor (the firm) and the sponsored organization (the property), such as the global sport organizations (the IOC and FIFA) utilized as the contexts for this study. As described by Morgan and Hunt (1994), RM seeks to understand “marketing activities directed toward establishing, developing, and maintaining successful relational exchanges” (p. 22). In coming to such a definition, the authors found that many previously offered definitions of RM activities did not include a “customer” as one of the participants in the exchange. Nor was the relationship inclusive of a “buyer” or a “seller” — only “partners exchanging resources”
(Morgan & Hunt, 1994). As explained by Cornwell and Maignan (1998), RM is an appropriate framework with which to examine sponsorship given that it is considered an instrument with which to develop relationships (such as a bond with consumers). Sponsorship may be utilized to foster both consumer-focused and industrial-focused relationships, including the community and employees (Cornwell & Maignan, 1998). The authors noted that it may be particularly applicable to relationships with business partners and can assist in the development of commitment and trust.

In their comprehensive review of the nature of RM, Morgan and Hunt (1994) conceptualized the theory by distinguishing between short-term, discrete transactions and relational exchanges. As defined by Dwyer, Schurr, and Oh (1987), discrete transactions are those marked relationships that have a distinct beginning and end and a short duration. In contrast, a relational exchange is longer in duration, and is characterized by an ongoing process (Dwyer et al., 1987). Marketing partnerships, such as sponsorships, fall under the category of relational exchanges for two principal reasons. First, they have longer-term durations. In the context of U.S.-based professional leagues, it is usually a timeframe of a minimum of three years (Cornwell, Pruitt, & Clark, 2005). For global sponsorships such as those examined as part of this study, the duration is typically a minimum of four years. Second, the relationship is marked by a fundamental exchange that occurs between a firm and the sponsored property. Sponsorship has been defined as “the provision of assistance either financial or in-kind to an activity by a commercial organization for the purpose of achieving commercial objectives” (Meenaghan, 1983, p. 9). However, this long-standing definition established more than 30 years ago fails to recognize the long-term nature of the
relationship, which is inherent in a sponsorship-defined partnership. Thus, utilizing the RM paradigm to inform and understand the dynamics of the partnership between a sponsor and a property helps to further a more nuanced understanding of the firm-property relationship.

In their research, Morgan and Hunt (1994) identified 10 possible forms of RM, categorized broadly as supplier, lateral, buyer, or internal partnerships. Based on Morgan and Hunt’s (1994) conceptualization, sponsor-property relationships are considered lateral partnerships. Such relationships are not internal in nature (i.e., employees, departments, or business units), nor are sponsored properties considered suppliers (e.g., suppliers of goods or services). Further, unless the sponsorship is largely based on an exchange of goods (i.e., an instance where a property is purchasing a great deal of the firm’s products), it is not usually considered a buyer partnership, as in a relationship with the firm’s customer. Thus, a sponsor-firm relationship is most analogous to a lateral (i.e., equal) partnership. Examples provided by Morgan and Hunt (1994) include a strategic alliance with a competitor (e.g., Nueno & Oosterveld, 1988), a co-marketing alliance (e.g., Bucklin & Sengupta, 1993), or a public-private partnerships with government entities (e.g., Steckel & Simons, 1992). The type of lateral partnership suggested by Morgan and Hunt (1994) that is most analogous to the firm-property relationship analyzed in this study was global strategic alliances, or a long-term contractual relationship (e.g., Ohmae, 1989). Thus, as informed by the relationship marketing paradigm, the relationship between the two partners (firm and property) in such a lateral partnership is defined as an alliance characterized by an exchange of resources.
Prior attempts have been made to better understand the dynamic, yet long-term relationship between a sponsor and a property. For example, O’Reilly and Madill (2012) considered four different frameworks in their study focusing on the sponsorship evaluation process, including RM, agency theory, partnership theory, and strategic alliance theory. The authors chose agency theory to help explain the sponsor-property relationship, given that their focus was to view and evaluate a specific relationship, while partnership theory and RM were considered broad-based approaches to better understand the development of relationships. Strategic alliance theory was considered and rejected by the authors given that it requires that the two organizations involved in the partnership become the same entity. O’Reilly and Madill (2012) noted in their rationale for choosing agency theory that based on the work of Eisenhardt (1989), while agency theory was developed to explain a partnership between a principal and an agent in the pursuit of a common outcome, each party may have their own motives, rationale, and desired outcomes. However, while the theory is flexible enough to allow for divergent objectives between the two parties, the fact remains that agency theory principally views the relationship between sponsors and properties as a principal-agent relationship, where one half of the relationship (the principal) relies on the other (the agent) to carry out an exercise on the other’s behalf (Bergen, Dutta, & Walker, 1992). The authors correctly pointed out that sponsorship transactions in practice often involve numerous agencies, such as a sales agency that may be responsible for selling sponsorships on behalf of the property (and be paid a commission to do so), or marketing agencies relied upon to both evaluate and activate the sponsorship working on behalf of the sponsoring brand. However, the relationship between the sponsor
and property is not, in most cases, a principal-agent relationship. In the majority of cases, the sponsoring brand has its own set of (usually) proprietary objectives it wishes to achieve via the relationship. The principal role of the sponsorship property, on the other hand, is not to carry out these objectives on the brand’s behalf. While the property may present itself as a solution-oriented partner willing to help the firm achieve its objectives, oftentimes the sponsored property may not even be aware of what the brand’s stated objectives for the partnership may be. This fact was substantiated in research by Farrelly (2010), which confirmed several instances in which brands had failed to properly articulate their objectives for the partnership at the beginning of the relationship.

Therefore, it becomes obvious that the objective of the relationship from the perspective of the property is to realize its revenue-related goals. In turn, realizing its stated revenue goals assists the organization in achieving its own objectives, which are wholly separate from the objectives of the firm. For a cause-related, non-profit organization such as the American Cancer Society or the ALS Association, their efforts are focused on assisting those impacted by certain diseases, and helping to fund organizations that work to eradicate such diseases. In the example of a sport-related organization (such as a professional sports team), their ultimate objective is to win on the field. The revenue provided via sponsorship supports those efforts by allowing them to sign better, more high-priced players, or invest in parts of the organization that also increases the odds of winning on the field (e.g., scouting, improved training facilities, updated technology, etc.). Though winning is in most cases a mutually beneficial objective (as the organization being successful will usually assist the sponsor in achieving its stated objectives), it is
nonetheless a different objective. Further, the sponsored organization’s goal of increasing its revenue is often-times in direct competition with the goal of the sponsor. While the property wishes to receive as much revenue as possible as a result of the transaction and resulting partnership, sponsors would rather invest as little as possible in the initiation and continuation of the partnership, as any additional funds saved in negotiations can be utilized towards other sponsorship-linked marketing activities (Cornwell, 1995) designed to both leverage the partnership and ensure it is a success.

The divergent nature of the objectives of both sides of the sponsor-property relationship provides support for a framework different than one that relies on what is essentially a principal-agent relationship. As noted by Weitz and Bradford (1999), RM is the ideal framework with which to enlighten cooperative, long-term relationships. In addition, the framework is flexible enough to encompass both consumer-focused programs and partnerships with important business-to-business customers (Weitz & Bradford, 1999). The latter helps to inform the dynamics of the relationship between a firm and sponsored property, which goes far beyond a simple transaction between a buyer and seller, and is a long-term, business-to-business relationship.

The lens of the RM literature informs an important assumption utilized throughout this study. Given the symbiotic nature of business-to-business sponsorship partnerships, if one party is no longer satisfied with the arrangement, it is likely to end when either or both parties have an option to do so. In the example of a marketing partnership such as a global sponsorship, a possible reason why the relationship may end is if the buyer (sponsor) no longer feels that the sponsorship is assisting it in achieving its stated objectives (i.e., it is no
longer successful). Given this context, it is apparent that based on the RM framework, only those sponsorships that are successful for both parties will continue to persevere. Therefore, the duration of such business-to-business relationships can be judged as a proxy for success (i.e., a successful relationship is one that is long-running, as it continues to meet each parties stated goals). This perspective is supported by the work of Armstrong (1988), who found that sponsorship programs of longer durations were more likely to assist the firm in moving beyond the initial objectives of brand awareness to influencing brand image, consistent with Keller’s (1993) conceptualization of brand equity. Consistent with this perspective, a recent multi-year study of season ticket holders found that sponsorship length was predictive of both recall and decay rates of residual recall even after the sponsorship had ended (McDonald & Karg, 2014). In addition, Olson and Thjømøe (2011) found that the announcement of a continuation of an existing sponsorship was perceived by consumers to enhance the fit of the sponsorship, compared to the announcement of a new sponsorship. Recent research by Kruger, Goldman, and Ward (2014) also found that the announcements of the continuation of sponsorship agreements were met with an increase in shareholder value of more than 4% in the short-term period after the announcement. The researchers reasoned that the continuance of the agreement may be seen by shareholders as a tacit endorsement by the marketers in their decision-making, given that the partnerships were worthy of renewal.

As explained by Cornwell et al. (2001), a longer-term sponsorship relationship also increases the potential that the sponsorship may become a source of competitive advantage, based on its ability to better influence unique consumer-based outcomes. For example, the
longer the duration of the sponsorship, the more potential for a stronger association between the brand and property in a consumer’s memory (Cornwell & Humphreys, 2013; Johar & Pham, 1999). According to Cornwell et al. (2001), “Seeing a sponsor’s name associated with the same sporting event, year after year, gives the consumer multiple opportunities to elaborate about the significance of the product-sponsorship relationship, thus creating stronger associations in memory” (p. 42).

Finally, previous RM research has examined the importance of the duration of a business-to-business relationship. Palmatier, Dant, Grewal, and Evans (2006) reasoned that the duration of a relationship, defined as the “length of time that the relationship between the exchange partners has existed,” (p. 138) has the ability to influence whether or not it is a success. Relationships of longer durations have the ability to enhance the relationship by providing both partners with more opportunities to better understand each other’s capabilities. This, in turn, may lead to both sides learning ways in which the relationship can be enhanced. In addition, Doney and Cannon (1997) explained that longer-term relationships may allow both sides to further understand each other’s motives and confirming expectations, which may reduce the risk that the partnership will fail.

Therefore, if certain conditions or factors can be deemed to be predictors of longer-term relationships, these conditions can be deemed to be predictive of the success of such partnerships. In one example, if certain types of corporate sponsors are deemed to be more likely to engage in more longer-running partnerships, properties can target such corporations as potential sponsors. For the firm considering investing the considerable resources necessary to embark on such partnerships, these factors may signal that certain
types of corporations are less likely to engage in long-running successful partnerships. Further, if certain conditions are found to be predictors of the dissolution of such partnerships, these conditions can be closely monitored by both partners, to ensure that the advent of such conditions do not jeopardize a relationship into which both sides have invested considerable resources. Given this perspective, utilizing a sponsorship’s duration as a proxy for success has important implications for the academic study of sponsorship. It allows for the utilization of a success measure for any type of sponsorship (regardless of the length of the initial agreement) by any type of firm (public or private). As will be explained in the review of literature, most recent studies modeling factors influencing the relative success of sponsorships have relied on information available only for publicly-traded companies, a significant limitation in the current literature.

Purpose of the Study and Hypotheses

There were four distinct groups of factors chosen to be investigated as part of this initial application of the EHA methodology to global sponsorship: economic conditions, the influence of agency conflicts, property-related factors, and sponsor-related factors. Each of these factors is expected to play some role in sponsorship-related decision-making, influence whether such partnerships continued or were dissolved, and therefore ultimately affect the durations of global sponsorships. Figure 1 features a conceptual model for this study’s hypotheses, adapted from the model utilized by Ampaw and Jaeger (2012) in their study of the factors influencing whether a doctoral student earns his or her degree. As depicted in the figure, each of these factors and conditions are expected to exert influence
on the decision-making process relative to whether a sponsorship continues or ends, at each time period when a decision must be made.

![Conceptual framework](image)


This conceptual framework, as well as the foundation of the RM literature, informs the overarching questions that guide this study. Are there conditions that may predict the dissolution of global marketing partnerships, jeopardizing such long-term business-to-business relationships in which so much has been invested? Does the duration of global sponsorships differ across different types of corporations, based on such factors as ownership status, congruence between the brand and property, and the sponsor’s level of
brand equity? Stated more directly, the purpose of this study was to shed light on certain factors that may be statistically significant predictors of the dissolution of a sponsorship business-to-business relationship (resulting in a simultaneous loss of revenue for sport organizations and the end of a partnership in which a marketer may have invested millions of dollars and years of work).

Moving forward, these factors can then be closely monitored by both partners. With increased scrutiny on factors shown to have an influence on the duration of global sponsorships, both sponsored organizations and sponsoring firms can then better manage these important relationships, leading to a longer, more beneficial partnership for both parties. In the subsequent sections, the four distinct factors that were investigated as part of this study will be discussed.

Economic Conditions

The analysis began with the role the economy may have on the duration of global sponsorships. This study investigated the role of both the macroeconomic climate (in the form of trends related to the world economy) and the microeconomic climate, by analyzing trends related to the economy of the sponsor’s home country. There has been a multitude of anecdotal evidence that the economy holds considerable influence over marketing-related decisions made by brand marketers (e.g., Mickle, 2014a); however, there is a dearth of empirical research investigating the phenomenon.

This is particularly the case with investments in non-traditional marketing approaches, such as sponsorship, event marketing, and experiential marketing (Meenaghan, 1999). There are long-established metrics, such as gross rating points (GRPs), which are...
universally accepted and utilized in the measurement of the return on investment in traditional marketing investments, such as broadcast media (Leavy, Bull, Rosenberg, & Bauman, 2011). These metrics are closely monitored and measured in such transactional exchanges so that both buyers (firms) and sellers (in this case, television networks) can easily compute the return that the firm is receiving based on its investment (Danaher & Dagger, 2012). This understanding makes such traditional marketing investments more insulated and less sensitive to changes in the economy, which may signal rough economic times in the future and may have an impact on a company’s business results.

For example, prior to a recessionary economy in the U.S. in 2008, the International Events Group (IEG) forecasted a 12.6% growth in North American sponsorship spending for the year 2008 (IEG, 2008). After effects of the recession were felt throughout the U.S. economy, spending on sponsorship in North America missed those projections, growing by 11.4% in 2008 (IEG, 2008). The firm then adjusted its projections for 2009 sponsorship spending down to just 2.2% growth in North America and 3.9% globally (IEG, 2008). In addition, based on the economic conditions, sport sponsorship spending in North America was projected to grow just 1.8% in 2008, from $11.4 billion to $11.61 billion (IEG, 2008). According to IEG (2008), “No other economic downturn in the past two decades has had such a negative impact on the outlook for industry spending” (p. 2). IEG’s economic-based concerns turned out to be warranted. According to their analysis, sponsorship spending in North America actually declined in 2009 by 0.6%, and global sponsorship spending increased by just 2.1% (IEG, 2010). Spending in sport sponsorship in North America declined by 1% (from $11.40 billion to $11.28 billion; IEG, 2010). According to William
Chipps, senior editor of the IEG Sponsorship Report (IEG, 2010), “Those unprecedented numbers reflect a marketplace that never recovered from the economy’s free fall towards the end of ’08,” (p. 3).

There have been many anecdotal examples of decision-making related to global sponsorships being impacted by trends related to the economy. For example, Mickle (2014a) noted that in the context of Olympic TOP sponsorships, the most recent economic recession impacted decisions being considered by brand marketers. Gerhard Heiberg, the former head of the IOC’s marketing commission, had engaged in talks with Dow CEO Andrew Liveris and Procter & Gamble Chief Marketing Officer Marc Pritchard about the prospect of their companies joining the TOP sponsorship program. Noted Mickle (2014a): “The recession forced both companies to walk away from potential deals” (p. 12). Only after economic conditions improved after the conclusion of the 2010 Olympic Winter Games would both companies ultimately agree to join the program.

Based on this evidence of economic conditions impacting decisions related to sponsorship investments, it was expected that an adverse economic environment may contribute to the end of these long-term partnerships. Therefore, the following hypothesis related to the potential influence of economic factors on the duration of global sponsorships was developed:

\[ H1: \text{Negative developments in economic indicators will increase the hazard of the dissolution of global sponsorships.} \]
Agency Conflicts

The influence of principal-agent conflicts, or the potential for personal feelings or conflicts of interest to influence decision-making, has been a staple of the marketing literature (Clark, Cornwell, & Pruitt, 2002; Jensen & Meckling, 1976). The concept of an agency conflict is founded on the assumption that employees who own less than 100% of the company that employs them are always going to be tempted to utilize their employment for personal gain. An example is sponsorships of properties (such as sports teams) headquartered in the same city as the sponsor. Clark et al. (2002) explained that a marketer may be more likely to engage in a sponsorship with a property (in the case of their study, naming rights for an arena or stadium) in his or her home market given that the proximity of the facility may allow the individual to benefit in the form of personal use of tickets, getting to meet celebrities or athletes, or simple ego gratification.

Based on this, it is expected that evidence of an agency conflict (such as an event based in the sponsor’s own home country) may influence sponsorship-related decision-making on the part of brand marketers, and affect the duration of global sponsorships. As hypothesized by Clark et al. (2002), the sponsorship would presumably allow the marketer to not only attend the event in his or her home country, but play a role in its execution as a sponsor (realizing benefits such as access to tickets and athletes). The hypothesis is that an event (i.e., a World Cup or Olympics) taking place in a sponsor’s home country during the term of the sponsorship may influence a sponsor to discontinue the partnership. The reason is if an event has just taken place in a sponsor’s home country, it is unlikely another event will take place in the sponsor’s home market soon. This was the case with China-based
Lenovo and Taiwan-based Acer, who served as TOP sponsors when the Games visited China for the first time in 2008, but then ended the sponsorships shortly thereafter (at the end of quadrennials in 2008 and 2012, respectively).

A second potential conflict of interest that has been shown to influence decision-making related to sponsorships is nationalism (e.g., Cobbs et al., 2012). In addition to the Olympic Games and FIFA World Cup, another example of an event where nationalism is pervasive is F1 Racing, where teams and its race cars carry the flags of the particular nation in which it is licensed. F1 team nationalities span the globe, including the U.K., Italy, France, Germany, Japan, Switzerland, the Netherlands, Russia, and India. Cobbs et al. (2012) found that the announcements of sponsorship agreements involving corporations headquartered in the same country where a F1 team is licensed were met with less enthusiasm than those that were not congruent. In fact, national congruence was found in the study to be a statistically significant predictor of negative financial returns for the sponsor after the announcement of the sponsorship. The expectation is that based on the congruence between the nationality of the team and sponsor, shareholders may believe that nationalism influenced the decision, rather than the expectation that the sponsorship will help the company achieve business results.

Therefore, an outstanding performance by a team that features shared national congruence with the sponsor may influence the brand to continue the sponsorship. Examples include a World Cup or Olympic team from the sponsor’s home country. In the face of an outstanding performance that may stir feelings of nationalism, a sponsor may be more apt to continue his or her corporation’s support of the property and be less likely to
end their support. Based on the expectation that agency conflicts may influence decision-making related to global sponsorships, the following hypothesis was developed:

\[ H2: \text{Conditions that increase the possibility of agency conflicts (such as an event in a sponsor's home country) will increase the hazard of sponsorship dissolution.} \]

Property-Related Factors

It was expected that there are several variables specific to the sponsored property that have the potential to influence global sponsorship decision-making and the durations of such partnerships. These include the attractiveness of the location of events, as well as the number of sponsors supporting the property (i.e., sponsorship clutter).

Event Location

To begin, there is considerable literature on the impact of mega-events such as the Olympics and World Cup on the host location, with a focus on its impact on the market’s economy (e.g., Matheson, 2009) and on tourism (e.g., Fourie & Santana-Gallego, 2011). However, it is not well-known how the characteristics of the market that the sponsored property resides or the market in which mega-events take place influences the durations of partnerships such as global sponsorships. In the instance of the Olympics and the World Cup, substantial care is taken by event organizers to select territories (and markets within those territories) in which there is a reasonable expectation for success for the event from a marketing standpoint, given that a large percentage of spectators at the events will come from that event’s home country. Therefore, it was expected that both the total number of consumers available within a country as well as the potential spending power of these
consumers would play a role in how attractive the market is deemed to be by brand marketers, and have the potential to impact whether sponsorships involving these markets continue.

There has been considerable research on the recent trend to award mega-events to emerging markets, such as the BRICS (Brazil, Russia, India, China, and South Africa) economies (Cornelissen, 2010; Humphreys & Prokopowicz, 2007). These events include the 2008 Olympic Games in China, the 2010 Commonwealth Games in India, the 2010 World Cup in South Africa, the 2014 Winter Olympics and 2018 World Cup in Russia, and the 2014 World Cup and 2016 Olympic Games in Brazil (Cornelissen, 2010). Therefore, it was expected that the population base of a future host country will positively impact the duration of global sponsorships (i.e., cause them to continue). However, the impact of the wealth of consumers within the country is unclear. Given the potential for a sponsor’s involvement in a mega-event, such as the Olympics or World Cup, to assist its penetration in a developing country (e.g., future Olympics and World Cup sites Brazil and Russia), might a market with a lower GDP per capita or Gross National Income (GNI) per capita be equally attractive as a developed country that features greater wealth on a per consumer basis? Though considerable research has examined the impact of a mega-event for the host country, this question remains as yet unanswered. Therefore, rather than predict a direction of the influence of the population and its wealth, the following hypothesis states that variables related to the location of events will influence the dissolution of sponsorships such events:
**H3:** The attractiveness of locations hosting sponsored events will influence the dissolution of global sponsorships.

**Sponsorship Clutter**

Research has demonstrated that an increase of the number of sponsors (i.e., clutter) processed by consumers can lead to a decrease in the consumer’s ability to recall those sponsors. Breuer and Rumpf (2012) measured on-screen clutter by the number of sponsors exposed during television broadcasts, and found a significant negative effect for each additional brand exposed. Similarly, Cornwell, Relyea, Irwin, and Maignan (2000) also found increased perceived clutter by consumers negatively affected the number of sponsors both recognized and recalled. In addition, qualitative research by Séguin and O’Reilly (2008) confirmed that clutter is an important issue to Olympic marketers. Based on this analysis and consistent with the hypothesis outlined in Cornwell et al. (2005), it was expected that adding additional sponsors may reduce the consumer’s ability to recall the brand’s involvement in the event. This result may lead to lower rates of brand recognition and recall, and ultimately the overall success of the partnership for the sponsor. Therefore, the following hypothesis was developed:

**H4:** An increase in sponsorship clutter (i.e., more sponsors) will increase the hazard of dissolution of global sponsorships.

**Sponsor-Related Factors**

Finally, it was expected that numerous variables related to the sponsor itself should play a meaningful role in the sponsorship decision-making process, and therefore affect the duration of sponsorships. These factors may include the stability of corporate leadership at
the firm, the brand’s fit with the property, level of brand equity, and whether or not the company has allocated value-in-kind as part of the sponsorship. In addition, the firm’s ownership status and corporate headquarters location was controlled for in the analysis.

*Stability of Corporate Leadership*

We begin by investigating the potential effect that the stability of company leadership may have on sponsorship decision-making, and the contribution it may make to the potential dissolution of global sponsorships. Many corporations have succession plans in place and CEO changes are planned years in advance. In these cases, there is likely an expectation that long-term company strategies will continue after succession of new company leadership. However, some changes in company leadership are not planned well in advance and have the potential to influence the company’s current strategies. For example, some changes are the result of unforeseen events, such as the untimely deaths of the CEOs of TOP and World Cup sponsor McDonald’s, Jim Cantalupo and Charlie Bell (Penney, 2012). Other changes in company leadership may be the result of dissatisfaction among board members, or signals of a company’s financial struggles. This was the case for former TOP sponsor Xerox, when longtime CEO Paul Allaire appointed IBM executive G. Richard Thoman to be his successor in 1999 (Brianco & Moore, 2001). Less than 13 months later, at the behest of the company’s board of directors, Allaire removed Thoman as CEO, eventually appointing another outsider, Anne Mulcahy, as CEO in 2001 (Brianco & Moore, 2001). Xerox would exit its Olympic sponsorship, which it had held since 1993, after the contract ended in 2004.
Though this anecdotal example demonstrates how a change in company leadership has the potential to influence company strategies, such as its commitments towards multi-year partnerships, the influence of these events has not yet been empirically investigated in the literature. Research has demonstrated that changes in company leadership of these types frequently lead to changes in company strategy or focus (Goodstein & Boeker, 1991; Hutzschenreuter, Kleindienst, & Greger, 2012). It was expected that changes in company leadership, which may signal dissatisfaction among board members and/or poor company performance and lead to changes in corporate strategies, will increase the hazard of sponsorship dissolution. Therefore, the following hypothesis was developed:

\[ H5: \text{Changes in corporate leadership will increase the hazard of sponsorship dissolution.} \]

**Congruence**

Congruence, or the perceived fit between the brand and sponsored property, has been a staple of the sponsorship literature for years (Fleck & Quester, 2007). Research has shown time and again that the better the perceived fit in the minds of consumers, the more likely the sponsor will be able to achieve the desired cognitive, affective, and behavioral effects (Cornwell, Weeks, & Roy, 2005). For example, in the context of the World Cup, Koo, Quarterman, and Jackson (2006) found that higher perceived image fit between the event and its official sponsors positively impacted the likelihood of consumers correctly recalling the brand. This, in turn, can result in higher purchase intention (e.g., Dees, Bennett, & Ferreira, 2010). Based on this, it was expected that congruent brands will
achieve a higher degree of success from global sponsorships, thereby reducing the hazard of the sponsorship ending. Therefore:

H6: Congruence between sponsor and property will decrease the hazard of sponsorship dissolution.

Allocation of Value-In-Kind

Olympic sponsorship, in particular, has evolved from early years in which hundreds of suppliers and vendors provided product to help organizers stage the Games, to a blue chip list of global corporations who not only see the sponsorship as a way to assist the Olympic movement, but more importantly utilize it to associate their brand with the Olympic ideals (Davis, 2012). While research has demonstrated that the allocation of value-in-kind (VIK) can result in reduced costs (e.g., Jensen & Cobbs, 2014), it was hypothesized that those sponsors who provide VIK products to assist in the execution of events such as the Olympics and World Cup may take a more narrow, transactional approach to the sponsorship, leading to an increase in the hazard of the sponsorship ending. Such brands may also be more heavily influenced by the short-term returns provided by an allocation of VIK product. Examples are France-based Atos, which provides information technology services to the IOC and Olympic organizers, and Japan-based Panasonic, which provides audiovisual equipment to the Games (IOC, 2012).

Conversely, corporations that may not produce a product essential to the actual staging of the event in question (such as global consumer brands Coca-Cola, McDonald’s, and Procter & Gamble), may chiefly utilize the sponsorship to build its brand by
associating itself with sport in the eyes of consumers. These brands may take a longer-term, more holistic approach to the investment. Therefore:

\[ H7: \text{A sponsor’s allocation of VIK product as part of their sponsorship will increase the hazard of sponsorship dissolution.} \]

Brand Equity

Brand equity is defined by Keller (1993) as the potential effect of brand knowledge on a consumer’s purchase decision, with brand awareness serving as a necessary precursor. As stated, brands that are deemed to have empirical evidence of brand equity (such as the aforementioned Coca-Cola and McDonald’s) will take a more patient approach towards brand-building investments, such as sponsorship. Therefore, such brands should have longer sponsorship durations, lessening the hazard of the sponsorship ending:

\[ H8: \text{Evidence of brand equity will result in a reduction in the hazard of sponsorship dissolution.} \]

Control Variables

As explained by Spector and Brannick (2011), the use of control variables can help ensure any observed relationships are not due in part to the influence of variables that may be extraneous to the study’s hypotheses. For example, in their modeling of sponsorship’s ability to influence stock prices, Mazodier and Rezaee (2013) utilized several control variables to ensure that results were not influenced by these extraneous variables. In this study, there were two sponsor-related factors that were utilized as control variables, given that their influence may have an effect on the durations of global sponsorships: whether a corporation is privately or publicly owned and the location of its corporate headquarters.
Ownership Status

It was expected that a corporation’s ownership status may influence the durations of sponsorships involving the firm, and consequently is a variable that needs to be controlled for. Publicly-owned corporations are constantly beholden to the whims of major shareholders based on their stock price and quarterly earnings announcements (i.e., Pruitt, Cornwell, & Clark, 2004). Conversely, in many instances privately-owned corporations need only answer to their owners and board members, making them more resistant to pressure from outside interests (Perry & Rainey, 1988). This may be particularly the case for family-owned companies, such as S.C. Johnson and Mars Corporation, one of this study’s featured companies.

Empirical research has found that many family-owned, private corporations are more prone to conservative strategies, given that they are less likely to be influenced by a wide set of market-oriented stakeholders (Miller, Breton-Miller, & Lester, 2011). Therefore, it was expected that privately-owned corporations may be more willing to engage in longer-term business relationships, and less resistant to change. Conversely, publicly-traded corporations may be more apt to succumb to outside pressures to prematurely end long-term business partnerships that may not provide short-term results. These public entities may also be more likely end sponsorships given changes to financial statements, mergers, acquisitions or general uneasiness from shareholders. Given this perspective, it is important to control for each sponsor’s ownership status by creating a variable indicating whether the firm is publicly-traded or privately owned.
Corporate Headquarters Location

Particularly as it relates to the TOP sponsorship program, the location of sponsors’ corporate headquarters has been a source of contention for many years. For example, there has been a long-standing conflict between the United States Olympic Committee (USOC) and the IOC on a variety of issues, including the percentage of revenue that the USOC receives from broadcast revenues and the TOP program. Noted Hill (1996), “The USOC has long been a thorn in the flesh of the IOC” (p. 85). These sentiments were echoed by former IOC Marketing Director Michael Payne (2012): “The battle over revenues continued to sour relationships between the IOC and the USOC, undermining any attempt at a collaborative effort to develop programs for the broader good of the Olympic movement” (p. 69).

One of the reasons why the location of a firm’s corporate headquarters has been an ongoing source of controversy is that corporations based in North America have provided a larger share of TOP sponsorship revenue than corporations based outside North America. In addition, the largest share of broadcast revenues also typically came from U.S.-based television networks. According to the minutes of IOC executive board meetings from the Los Angeles Summer Olympics in 1984 (July 25-26, 1984), the IOC finance commission reported that it had received more than two-thirds (67.4%) of its broadcast-related revenues from the U.S., including $33.5 million from ABC television and $49,500 from ABC radio (IOC, 1984). The next-highest amount was from LAOJP in Japan ($5 million), followed by EBU in Europe ($4 million), $3.53 million from Network 10 in Australia and $1 million from CBC in Canada (IOC, 1984).
In addition, the first three corporations to agree to join the TOP program in 1985 (Coca-Cola, FedEx, and Kodak) were all U.S.-based (Payne, 2012). Attracting these three initial corporations to the program provided it with a requisite level of legitimacy in the eyes of corporate marketers. The next two corporations to join the program (3M and Visa) were also based in the U.S. (Payne, 2012). Netherlands-based Philips and two Japan-based corporations (Brother and Panasonic) later joined the six U.S.-based companies (3M, Coca-Cola, FedEx, Kodak, Time, Inc., and Visa) as the initial participants in TOP I (Hill, 1996; Payne 2012). This trend continued through the first several iterations of the program, as more than three-fourths (32 of 42) of the sponsorships through the first four TOP programs (TOP I-IV) involved corporations based in North America. Through the first seven completed TOP quadrennials, based on the average amount of revenue on a per sponsor basis, these corporations based in North America were responsible for nearly two-thirds (63.13%) of the $3.61 billion generated via the TOP program (a total of $2.28 billion vs. $1.33 billion generated via foreign corporations). These estimates, though based on the average revenue generated per sponsor in a given quadrennial, are consistent with past comments from former USOC chairman Peter Ueberroth, who noted that the U.S. was responsible for more than 60% of Olympic revenues dating back to 1988 (Macur, 2012). Given this disparity, the USOC and IOC agreed in a 1988 contract (which was renegotiated in 1996) to allocate 20% of the program’s total revenue to the USOC, with the rest of the world splitting the rest (Hersh, 2012).

However, in recent years the disparity towards North American-based corporations has not been as pronounced. Two corporations based outside North America (France-based
Atos and Switzerland-based Omega) joined the program for TOP V, meaning that 4 of the 11 participants in the program from 2001-04 were based outside North America. Nearly half (5 of 12) of the sponsors participating in TOP VI (which covered the 2006 Torino and 2008 Beijing Olympic Games) were based outside North America. These companies included newcomer Lenovo (based in China), as well as Atos, Omega, Panasonic (Japan), and Samsung (South Korea). Taiwan-based Acer joined TOP VII, along with two U.S.-based corporations (Dow and Procter & Gamble). This marked increase in revenues generated via sponsorships with corporations based outside North America led to the establishment of a new revenue-sharing agreement between the USOC and IOC which provides a smaller percentage of overall broadcast and sponsorship revenues to the USOC (Macur, 2012). Reportedly, per the terms of a new 20-year agreement that will begin in 2020, the USOC will receive 10% of any new revenue from the TOP program (Wilson, 2012).

A disparity between the locations of corporate sponsors has not been as apparent for the FIFA World Cup sponsorship program. Only 12 of the 39 corporations to have served as FIFA Partners or World Cup sponsors since 1979 were North American-based corporations (compared to 17 of the 27 TOP sponsors). Among the 14 current FIFA Sponsors and World Cup Partners, there are only 5 North American-based corporations (Anheuser-Busch, Coca-Cola, Johnson & Johnson, McDonald’s, and Visa). The FIFA World Cup has been held in North America only once (the 1994 event in the U.S.). Given this, it was expected that the location of the event is less of an influence for North American-based corporations than it is for those headquartered elsewhere, leading some
corporations based outside North America to commit to a sponsorship simply because the event is being held in their home country. This should, theoretically, lead to shorter sponsorship durations, because the partnerships are more likely to end after the first event has been held. Therefore, it was expected that the duration would be longer and hazard rates lower for sponsorships involving corporations based outside North America.

In addition, in general the economy in North America is more stable and resistant to volatility than most other economies. North American currency is relatively stable, and subject to much less fluctuation than that of other world currencies (Goldberg, 2010). This provides further support that corporate sponsors based in North America will be able to continue global sponsorships for longer durations, given their resistance to economic volatility. Conversely, corporations from other parts of the world (TOP sponsors have been headquartered in China, France, Japan, the Netherlands, South Korea, and Switzerland, while World Cup sponsors have also hailed from India, Germany, the United Arab Emirates, South Africa, and Brazil) may be more easily influenced by less stable economies and currency. Recent examples include substantial volatility in the economies of Ireland, Japan, and Spain (Shin, 2012). This may lead some to adjust strategies due to fluctuating economic conditions, and may result in some corporate sponsors from countries outside of North America to engage in business partnerships of shorter durations. Therefore, it was important to control for this important aspect of global firms engaging in sponsorship.
Operational Definitions

For those who may be unfamiliar with the sponsorship literature, it is important to begin by defining several terms that were utilized throughout the study. Perhaps most importantly, clarification must be provided that this paper’s use of the term sponsorship focuses on the commercial form of sponsorship. Commercial sponsorship is a term meant to differentiate it from other forms of sponsorship that are akin to philanthropy. Philanthropy, or providing support to worthwhile causes or non-profit organizations, is not made with an expectation of a return on the investment (Meenaghan, 1983). Conversely, commercial sponsorship is designed to further the sponsoring firm’s business objectives. The type of sponsorship engaged in by sponsors of the aforementioned Olympic Games and FIFA World Cup was classified by Meenaghan (1983) as “…the provision of assistance either financial or in-kind to an activity by a commercial organization for the purpose of achieving commercial objectives” (p. 9).

It is also important to define and clarify the types of sponsorship agreements analyzed as part of this study. These agreements typically involve an arrangement whereby the firm provides cash (and/or VIK product) in exchange for certain marketing rights (e.g., rights to leverage the property’s intellectual property, such as logos), or assets (e.g., signage to help communicate the sponsor’s relationship with the event or tickets to attend such events). The television networks that broadcast events such as the Olympics may have their own “sponsors,” which purchase media assets (such as commercial time during the event’s broadcast or digital marketing assets on websites). These media sponsors may even have their own designations that can be utilized to communicate their association with the
event broadcast on which their commercials air, such as “sponsor of NBC’s broadcast of the Summer Olympic Games.” Demand from these advertisers seeking the ability to air their commercials on live events that are less likely to be time-shifted via Digital Video Recorders (DVRs), have increased the rights fees broadcast networks are willing to pay to air these events (Jensen & Cobbs, 2014). For example, in the most recently completed Olympic quadrennial, nearly half of all Olympic-related revenue ($3.85 billion of $8.04 billion, or 47.8%) was via broadcast rights fees revenue (IOC, 2014). However, this study focused solely on the aforementioned commercial sponsors, who purchase a designated set of rights (such as the ability to call oneself an “official sponsor”) and assets (such as event tickets and signage), and did not examine the durations of media partners or advertisers.

Finally, there are several terms specific to commercial sponsorship and how it functions that should be defined. The term “renewal” refers to the decision by the sponsoring firm whether to continue the sponsorship beyond the original length of time determined in the initial agreement between the two parties (Clark, Cornwell, & Pruitt, 2009). Typically, a sponsorship arrangement is for a pre-determined length of time, usually between 3-5 years (Cornwell et al., 2005). In the context of the Olympics, sponsorships are negotiated to take place within a four-year period within which two different Olympic Games (Winter and Summer) are contested, called a quadrennial (Ferrand et al., 2012). The decision related to whether a sponsorship is renewed or ended is an important one, as this span of time constitutes the dependent variable in this study. It is also important to note that there are several terms related to EHA modeling approaches that will be defined in
subsequent chapters, including the Kaplan-Meier survivor/failure function, the hazard rate, and median lifetime.

The following chapter features a thorough review of the academic literature related to sponsorship that grounds this study. In addition, the chapter also reviews some of the historical foundations of one of the most prominent sponsorship programs, one that has had a significant influence in the history of sponsorship and is utilized as one of the study’s two contexts (the Olympic Games).
Chapter 2: Review of Literature

Prior to reviewing the relevant academic literature devoted to the study of sponsorship, it also is appropriate to review some of the historical foundations of modern sponsorship, and the significant events that shaped its evolution. Given that the field of marketing (and related topic areas such as sponsorship) is largely an applied discipline, it should not come as a surprise that several key events had a significant role in the establishment and evolution of the academic literature related to sponsorship. For example, Cornwell et al. (2005) explained that the modern Olympic Games have played a significant role in the historical foundations of sponsorship. Cornwell et al. (2005) also noted that the dawn of the modern age of sponsorship has usually been associated with the sponsorship program established by the organizers of the 1984 Olympic Games in Los Angeles, the organization of which helped pave the way for the establishment of the global Olympic sponsorship program. In fact, many have heralded the creation of the global Olympic sponsorship program as a significant event in the development and maturity of the entire industry. “Although (IOC marketing agency partner) ISL did not create the concept of sponsorship,” wrote Martyn (1996), “it was ISL that developed the structure of sponsorship as an orderly tool of marketing communications” (p. 115). Therefore, we will begin by providing a historical overview of the program. This includes information accessed via a review of both secondary and primary sources, including minutes of IOC Sessions and
meetings of the IOC Executive Board, as well as the personal papers and correspondence of members of the International and United States Olympic Committees (Fred L. Steers of the USOC and James Worrall of the IOC).

A Historical Perspective

Prior to the establishment of a formal sponsorship platform for the 1984 Olympic Games in the late 1970’s, sponsorship was largely seen as simply another form of advertising, focusing almost exclusively on the benefits of signage visible to event attendees and television viewers. Though the practice was prevalent, as was the strategy of partnering with current and retired athletes to endorse products, sponsorship did not develop into a distinct discipline separate from advertising until programs were developed with the sole purpose of elevating a brand’s equity as a result of a partnership with a well-known and respected brand (such as the Olympic Games). Given their influence, we will examine the events surrounding the 1984 Los Angeles Olympic Games, the growth in the influence of television, and ambush marketing in the Olympic context, with the goal of better understanding the historical foundations of the formation of the TOP sponsorship program, and commercial sponsorship overall. Also provided will be background on a key figure in the establishment of the FIFA World Cup sponsorship program, as well as Olympic commercialism, Adidas executive Horst Dassler (son of company founder Adi Dassler).

The “Evils of Commercialism”

It is important to provide historical context to a discussion of the historical foundations of sponsorship. Though professional sport organizations such as Major League
Baseball (MLB) teams embraced sponsorship from the early days of the sport, organizations governing amateur sport did not have the same perspective. For many global sport organizations such as the IOC and by powerful local National Organizing Committees (NOCs) such as the United States Olympic Committee (USOC), sponsorship and other aspects of commercialism were seen as a necessary evil. However, Olympic event organizers (OCOGS, or Committees for the Organization of the Olympic Games) were forced to embrace commercialism, including sponsors, suppliers, and licensors, in order to ensure the Games could be held without bankrupting the hosting municipality or costing taxpayers millions (such as in the case of Montreal). Therefore, for much of the last century the IOC and the USOC kept commercial interests at an arm’s length, in an attempt to distance itself from the perception that it had a close relationship with corporate sponsors. Even into the 1980s, the IOC essentially left commercial interests, even the crucial negotiations of broadcasts rights with television networks, in the hands of the local organizing committees charged with staging the Games. “The IOC was still reluctant to take a leading role in any rights negotiations, fearing that it would be criticized for engaging directly in business, a hangover from (former IOC Present) Avery Brundage’s oft-expressed views on the evils of commercialism” wrote former IOC Marketing Director Michael Payne (Payne, 2012, p. 293).

Despite the interest from corporate sponsors and advertisers, given the Olympic Games’ amateur status, the United States Olympic Committee (USOC) in particular did not openly embrace licensing and other commercial ventures (Payne, 2012). This fact was evident in early personal correspondence between the Executive Director of the USOC, J.
Lyman Bingham, and former USOC member Fred Steers, who had served not only as a member of the executive committee but was a practicing attorney (“Guide to the Fred L. Steers Papers,” n.d.). In addition to both hailing from Chicago, Steers and former USOC President Avery Brundage (who in 1952 was elevated to the Presidency of the IOC) agreed that licensing, sponsorship and other commercial ventures were not in keeping with the amateur nature of the Olympic movement. Brundage waged what Wenn (1995, p. 1) defined as an “unending battle against the intrusion of commercialism in the Olympic movement.” Brundage’s perspective on the issue was encapsulated in comments he made to Roger Coulon of the International Amateur Wrestling Federation in 1967 (Martyn, 1996). “I have deplored on more than one occasion, the idea of financial considerations being introduced into Olympic affairs. For the first time serious arguments have been provoked and I do not like it!” stated Brundage (Martyn, 1996, p. 107). “The IOC itself has no desire to build up a fund. It is concerned only with its cost of operation.”

Though Brundage left the USOC in 1952, it was evident that his viewpoint still permeated the Olympic movement in the U.S. In a letter dated March 19, 1958, Bingham informed Steers, now that both he and Brundage were no longer officers of the USOC, that the USOC (then called the United States Olympic Association, or USOA) had begun a licensing program (Fred L. Steers Papers, 1958). He noted that 10% of gross sales from the program would be allocated to the Olympic fund. He also revealed that despite the existence of the program they expected unauthorized use of the Olympic marks to continue, given that the U.S. was set to host the 1960 Winter Games in Squaw Valley, California. “If you will allow my comment, I think from an overall practical standpoint it is a mistake to
allow any commercial use of the word ‘Olympic,’ its insignia, mottos, etc.,” wrote Steers in a reply dated the very next day (Fred L. Steers Papers, 1958). “The mere use commercially will detract from the dignity of the movement and create confusion. The commercial use by the licensed will lead the unlicensed to believe they may do likewise. A general unlicensed use may result in great damage to the prestige of the U.S.O.A.”

In a reply dated four days later (March 24, 1958), Bingham argued that given the extensive use of Olympic marks by organizing committees and NOCs (National Organizing Committees), it was foolish for the USOC to continue its policy of limiting the commercial aspects of the Olympic movement. He even compared such stubbornness to that of the legendary Cervantes character Don Quixote. He noted that when the Games were recently held in Europe and in Australia, every possible type of souvenir and licensed product featured the word Olympic and Olympic-related insignias. “We would be fighting windmills if we tried to prevent it,” wrote Bingham (Fred L. Steers Papers, 1958).

In additional correspondence, Steers went further, questioning the legality of the practice. He wondered whether the Olympic committee was even within its legal authority to license the Olympic name. “I doubt whether the U.S.O.A. has the right to permit the use of its name, etc., by any commercial enterprise,” noted Steers (Fred L. Steers Papers, 1958). “It is a corporation not for profit and such licensed use would be beyond its powers. It would be entering into an enterprise for profit by permitting business firms to profit by use of something Congress had given it exclusively for the objects set forth in the Act.”

The Act to which Steers was referring was the Lanham Act of 1948, which among many other uses related to trademark law ostensibly provided the USOC with the ability to
trademark various Olympic-related words and marks (Lemley, 1998). However, it was evident the opinion of Steers that although the Act had provided the USOC the ability to trademark these words and marks, the law did not necessarily provide it with approval to profit off of them. However, Bingham had a trick up his sleeve. What Steers did not know was that Bingham had already successfully petitioned the U.S. Congress to allow commercial use of the Olympic movement. This fact was revealed in his letter of March 24, 1958, in which he copied a law that Congress had recently passed at his urging.

“I am enclosing a copy of the law,” wrote Bingham (Fred L. Steers Papers, 1958). “It permits agents of the U.S. Olympic Association to use the insignia, which I assume give us the right to appoint such agents (i.e., licensees). As to our right to enter into an enterprise for profit by permitting business firms to profit by something Congress has given us, that is a point for you lawyers to determine.” Bingham copied the USOC’s Counselor at the time, John T. McGovern, on the letter to Steers. Less than a week later (on March 31), McGovern penned a reply to Steers referencing Bingham’s correspondence. Essentially, he wrote, Bingham had won. “Lyman (Bingham) went to Washington and had a special bill passed by Congress. Score one for Lyman,” wrote Bingham (Fred L. Steers Papers, 1958). “I did not know of it until he had it passed. The bill authorized enterprises for profit using the Olympic name and according to the U.S.O.A., and still retained the (Olympic Committee’s non-profit) exemption.”

Adding to the ridiculousness of the Executive Director of the USOC successfully lobbying Congress to pass a bill without the knowledge of its own in-house counsel, McGovern vehemently disagreed with the act, siding with Steers (at least, according to the
correspondence). However, he did agree with Bingham that in a sense, commercial licensing of Olympic trademarks was inevitable. He noted that he had refrained from taking part in discussions related to whether the policies of the USOA permit commercial leveraging of Olympic marks. In the letter McGovern encapsulated the two arguments, noting that Bingham argued that commercialization of the Olympic movement can help increase contributions to the non-profit organization. He also noted that he felt the programs were “dangerous,” and worried until they had made a profit (Fred L. Steers Papers, 1958). However, once the souvenir contracts and other programs made money, they had essentially taken a gamble and won. The programs were here to stay.

A week later, Steers penned a reply to McGovern. “I agree with you that these lottery and guessing contests are cheap. It took years to build a stable reputation for the U.S.O.A.,” noted Steers (Fred L. Steers Papers, 1958). “A public endeavor always should be conducted so as to please the most fastidious…I do not make these observations for the purpose of having them considered by the Executive Board but just to let you know that at least one other has your thoughts.” At this point, Steers was 70 years old. He was no longer a member of the USOC’s Executive Committee. Unfortunately, the times had changed, and this change was irrevocable. And with Brundage now serving as IOC President in Switzerland, there was nothing he or is lifelong friend Steers could do about it.

In his book *Olympic Turnaround*, Payne (2012) consistently contends that the goals of the USOC were always centered on not only its rights to the Olympic marks in the United States, but its efforts to reap a larger percentage of overall Olympic-related revenue for itself. He noted that in the formulation of the first iteration of the TOP sponsorship
program, dealing with the USOC was one of the most challenging roadblocks. “The biggest battle of all was with the United States Olympic Committee (USOC), which jealously guarded its control over the Olympic trade marks in the US territory,” wrote Payne (2012, p. 80).

However, the correspondence between Bingham, Steers and McGovern demonstrates that the genesis and original motivations surrounding the protection of Olympic symbols were not designed to increase USOC revenues. Steers (in an attempt to continue the policies of his friend and former USOC President Brundage) and McGovern felt the USOC needed to control use of Olympic trademarks to save the amateur nature of the Olympic movement. They believed commercialism was akin to corruption, and the Olympic movement as a whole (including the USOC) would be worse for it. This attitude was encapsulated in the thoughts of Brundage at the end of his 20-year appointment as President of the IOC (Payne, 2012). Brundage feared for the future of the Olympic movement, given increased commercialism, as he felt that the continued embracing of commercial interests threatened its very existence. Reportedly, Brundage told his successor as IOC President, Lord Killanin, as he handed over the reins of the IOC: “You won’t have much use for these; I believe the Olympic movement will not last more than another few years” (Payne, 2012, pp. 5).

The 1984 Los Angeles Olympic Games

The Los Angeles Games of 1984 marked a watershed event, in that it not only assured that Brundage’s prediction would not come to pass, but ushered in the modern era of sponsorship (Cornwell et al., 2005). However, as detailed by Hill in his book “Olympic
Politics,” the 1984 Los Angeles Summer Games began as one of the most highly politicized in history. The politics between the USOC and the IOC were itself an issue, given that no other cities stepped up to the host the Games after the financial failure of the 1976 Montreal Games (Hill, 1996). The situation was explained by Los Angeles Olympic Organizing Committee (LAOOG) chairman Paul Ziffren at the 84th IOC Session in 1981. “I think how different this was for 1977 and 1978 when practically no city in the world except for Los Angeles would make a realistic bid, and even then the city of Los Angeles would not guarantee the financial success of the Games,” explained Ziffren. “At that moment in time, the continuity of the modern Olympic Games appeared in serious jeopardy” (IOC, 1981a, p. 9).

Because the USOC was the only NOC who volunteered to host the Games, they had vast leeway in running the Games as they saw fit, free from any interference from the IOC. This caused tension between the two organizations. Second, the Soviet boycott of the Games (which was in response to the U.S.’s own boycott of the 1980 Moscow Games) put national politics at center stage. Finally, local politics also played a role. As explained by Hill (1996), given that taxpayers refused to support the Games financially, the event marked the first Games wholly funded by private entities. The 1984 Games organizers were essentially forced to fund the Games themselves. “The organizing committee responded to the taxpayers by creating the first private enterprise Games, and therein gave a lead to the whole future development of the Olympic movement” (Hill, 1996, p. 138). According to Preuss (2004), organizers even had to promise to pay the city for the costs of security and transportation that were not covered by a 0.5 percent hotel tax. It was expected
that the Games would produce a surplus of around $8 million (Lindsey, 1987). However, the overall costs of the Games amounted to just $683.9 million, which were entirely covered by revenues from the Games (Preuss, 2004). Organizers staged what they termed a low-cost Olympic Games by eschewing the typical strategy of building new venues, utilizing dormitories and existing athletic facilities, some from the 1932 Olympic Games.

Not only were these costs covered, but according to Preuss (2004), the Games resulted in a surplus of more than $380 million. News reports from the time placed the surplus figure closer to $230 million (Lindsey, 1987). The USOC kept 60% of the total, with the balance of approximately $93 million reportedly distributed to grassroots sports programs and activities in Southern California (Lindsey, 1987).

In contrast, for the Games in Montreal in 1976, the local organizing committee and the city of Montreal were forced to cover the entire costs of the Games, which (including interest) totaled $2.73 billion (Preuss, 2004). In an attempt to cover the costs, Montreal organizers accepted sponsorship from any and all potential supporters. The Games featured nearly 750 sponsors and other companies advertising with the Olympic Games, including 628 sponsors, 114 suppliers and 140 licensees (Preuss, 2004). The approach clearly was not working. Further, the financial failure of the Montreal Games forced organizers to develop a new strategic direction. Therefore, Los Angeles organizers permitted less than 100 corporations to participate in commercial activities, which according to Preuss (2004) included just 34 sponsors, 64 suppliers and 65 licensees. A review of the official report from LAOOG indicates a total of 35 official sponsors (LAOOG, 1985). This elite group included several brands who would later become TOP sponsors (such as Coca-Cola, IBM,
McDonald’s, Mars, and Xerox), and other blue chips brands including Anheuser-Busch, AT&T, Canon, General Motors, Motorola, and United Airlines (LAOOG, 1985).

Not only was the approach successful from a financial standpoint, it was significant given the way the organizing committee raised the funds. The sponsorship program Ueberroth and his staff created was unlike any other utilized before in the Olympics. On the occasion of the 30th anniversary of the 1984 Games, sportswriter and Olympic historian Philip Hersh summarized Ueberroth’s contribution. “The city refused to guarantee the Games against budgetary shortfall, but organizing committee boss Peter Ueberroth turned that apparent liability into the modern financial model for how democracies can fund the Games through corporate sponsorship,” wrote Hersh (2014).

As noted previously, though the rights to utilize the word Olympic and Olympic symbols were closely guarded, nearly anyone interested in providing products that might benefit Olympic organizers or teams were welcomed as sponsors. For example, for the 1964 Olympic Trials in New York (staged in association with the World’s Fair of that year), a multitude of consumer product manufacturers provided product for the team, and in return were allowed to claim status as “official sponsors” and utilize the U.S. Olympic Team logo in advertising. The sponsors who utilized these rights in their advertisements in the program for the 1964 Olympic Trials promoted official Olympic sponsorships from such similar products as Vaseline Hair Tonic, InfraRUB analgesic rub, Johnson & Johnson medicated powder, and Chap Stick lip balm (Figure 2).
Figure 2. Advertisements in program for 1964 U.S. Olympic Trials in New York (USOC, 1964)
In contrast, the 1984 Olympic organizers had decided that sponsors supporting the Games needed exclusive rights in their designated product category, to ensure that no competitors could leverage Olympic marks at the same time. Ueberroth established “an exclusivity program, that is, not more than one company from any product category was to be included in the list of sponsors” (Hill, 1996). The organizing committee determined the product categories by deciding whether the products produced by a potential sponsor were appropriate to be identified with the Games and whether the brand in question was large enough to provide the designated “sponsorship commitment” (LAOOG, 1985, p. 234). The first two categories established were soft drinks and breweries, given that they have historically associated themselves with sports events around the world (LAOOG, 1985).

Organizers speculated that sponsors would be willing to pay more for such protections, and set a minimum investment of $4 million per sponsor (Hill, 1996). In the minds of the organizing committee, keeping the number of sponsors under 50 would ensure that they did not “dilute the value of the agreements, both individually and collectively” (LAOOG, 1984). Ueberroth was forced to defend the approach at the 84th IOC Session in 1981. IOC member Richard Pound noted that there were many small organizations outside the U.S. seeking to leverage the ’84 Games, suggesting that the NOCs in those territories partner with those companies and split the proceeds with LAOOG (IOC, 1981a). Ueberroth encouraged the NOCs to partner with the companies on their own, as long as they did not leverage any of the LAOOG marks. “LAOOG would sign no small commercial contracts,” explained Ueberroth (IOC, 1981a).
The bet paid off. Sponsors lined up to get involved, with revenues dwarfing the $7 million that the Montreal Games had earned (Payne, 2012). Longtime U.S.-based Coca-Cola pledged $30 million to the organizing committee (Hill, 1996). Revenue from sponsorship increased more than tenfold compared to Montreal, to $126.7 million (Hill, 1996). Ueberroth had provided the IOC with a blueprint for the future, not just for the Olympic movement itself, but for the entire industry.

The Dawn of Ambush Marketing

Not only was the 1984 Games a significant development in the history of sponsorship, it also marked what many consider to be the advent of the modern age of ambush marketing. The two events are inexorably linked, as Ueberroth’s exclusivity provisions forced many brands that had previously leveraged the Olympics to resort to ambushing. Ambush marketing is defined as a “planned effort (campaign) by an organization to associate themselves indirectly with an event in order to gain at least some of the recognition and benefits that are associated with being an official sponsor” (Sandler & Shani, 1989, p. 11). Given the unique (at the time) proposition that only one sponsor in each particular product category had the right to call themselves an “Official Sponsor,” competing brands set about engaging in tactics to convince consumers that they too were sponsors of the Games. In their extensive work on the subject, Sandler and Shani (1989) explained that what they consider to be the first instance of orchestrated, coordinated ambush marketing was perpetrated by Kodak at the 1984 Summer Olympics.

Kodak had supported the Olympic movement in some way since the start of the modern Olympics in 1894 (Ferrand et al., 2012; Martyn, 1996). However, Kodak was not a
sponsor of the 1984 Los Angeles Olympics on its home turf. As explained by Payne (2012), though they had been presented with the opportunity and a contract for their signature, someone at Kodak determined that the longer they held out before agreeing to the sponsorship the more money they would earn in interest on the funds they had set aside to pay for it. In the meantime, Los Angeles organizers contacted Fuji, who was reportedly eager to grow their share in the U.S. Thus, Fuji became the official sponsor of the 1984 Olympic Games in the film category. Kodak quickly renewed its sponsorship of the U.S. Track & Field team, and successfully ambushed the 1984 Olympics (Ferrand et al., 2012).

Payne feels the USOC was not as vigilant over the years in protecting its trademarks as it should have been, leading to numerous highly-publicized issues. Kodak being able to be an official sponsor of the U.S. Track & Field Team, while Fuji served as an official sponsor of the U.S. Olympic Team, is a prime example. Though efforts had already been in place in 1984 to develop the TOP sponsorship program, it can be argued that longtime Olympic sponsor Kodak’s efforts to ambush Fuji’s official sponsorship of the Olympic movement was the “final straw” that necessitated a new global Olympic sponsorship program that would better protect sponsors from being ambushed.

In order to provide perspective, it is important to note that ambush marketing tactics had been employed at previous Olympic Games, and that ambush marketing has been prevalent since the origins of the modern Olympics in the dawn of the 20th century. In addition, we will demonstrate that the establishment of the TOP program did not necessarily mean the end of ambush marketing at the Olympics. Some of the more celebrated (and infamous) instances of ambush marketing of the Olympic movement
involved Helms Bakery and American Express. Helms Bakery had won the right to be the official supplier of bakery products to the U.S. Olympic Team at the 1932 Games in Los Angeles (Payne, 2012). However, they were ambushed by a competitor named Weber, which supplied products to another nation’s team in the Olympic village. Helms vigorously defended its rights, and initiated a lawsuit against the USOC, which continued for 15 years (Payne, 2012). Throughout the ongoing lawsuit, Helms continued to trumpet its Olympic association. For example, in the program for the 1936 Olympic Track & Field Trials, Helms produced an advertisement featuring the tagline “Official Bakers, Xth Olympiad.”

A review of primary sources (in the form of personal correspondence among the highest levels of the United States Olympic Committee) provides evidence that ambush marketing was prevalent throughout the 20th century. The USOC (and its predecessor the United States Olympic Association) was very aware of unauthorized use of Olympic symbols and marks. For example, a letter penned on February 10, 1958 from USOC Executive Director J. Lyman Bingham to Victor Lownes of Playboy Magazine is an appropriate illustration of the organization’s efforts to stamp out ambush marketing (Fred L. Steers Papers, 1958). Apparently, the magazine had ran an advertisement for the Campus Casual Company featuring clothing emblazoned with the words “Olympic Drinking Team,” accompanied by the U.S. Olympic Team symbol. In a response to a stern letter received by the magazine, Lownes responded that unfortunately it was impossible for the advertisement to be removed from the magazine because the December issue had already been printed. However, in a letter dated November 27, 1957, the magazine promised to end the unauthorized use of the Olympic symbols. “Playboy magazine and I
immediately cancelled all future advertising of the ‘Olympic’ shirt,” wrote Lownes (Fred L. Steers Papers, 1957). “However, your letter came after the December issue had already been published and was on its way for distribution.”

A review of further correspondence finds that the USOC’s polite letter did not in any way dissuade the offenders. Apparently, another advertisement for the same product was found in the February 10, 1958 issue of the magazine, forcing Bingham to write another letter. “It will be necessary for me to submit this matter to the officers of the U.S. Olympic Association for whatever action they may wish to take,” threatened Bingham (Fred L. Steers Papers, 1958). It was noted in later correspondence between Bingham and former USOC Executive Committee member Fred Steers that while the advertisement was removed, in its place stood an ad for a similar t-shirt promoting a the fictional “U.S.A. Drinking Team” (Fred L. Steers Papers, 1958). While avoiding use of the Olympic wordmark, the t-shirt design continued to use the U.S. Olympic Team shield. The company was clearly toying with the USOC officials.

Contrast the USOC’s polite letters and threats of retaliation with the actions of the IOC during one of the most infamous incidents of ambush marketing in global sport. American Express, the global leader in the credit card category at the time, had previously served as an Official Sponsor of the 1984 Los Angeles Olympic Games. When the IOC first developed the TOP Program, American Express decided to pass on the opportunity. Their logic was that it was foolish to allocate funds to a global program, given that they did not do business in all 194 territories that decided to participate in the program. “We didn’t want to waste our money buying rights to countries where we don’t even have a presence,”
noted an American Express executive (Aris, 1990, p. 178). When Visa decided to join the program and began airing ads stating that the Olympics “didn’t take American Express,” the war was on. In advance of the 1988 Games in Seoul, Korea, American Express went so far as to produce posters depicting scenes of the 1986 Asian Games featuring the caption “AmEx Welcomes You to Seoul” (Payne, 2012; p. 153).

That same year, they produced medals featuring the non-existent “Olympic Heritage Committee” in Switzerland (Payne, 2012, p. 152). In contrast to the actions of the USOC two decades prior, when the IOC became aware of these activities they did not send a polite letter. According to Payne, the chairman of American Express (Jim Robinson) was contacted and told that if the ambush activities were not halted within the next day they would call a press conference in every major territory (Payne, 2012). At the events, which would feature a cross-section of Olympic athletes, they would reveal that American Express was attempting to harm the Olympic movement. The athletes would cut up American Express credit cards, and encourage cardholders to do the same. In addition to the press conference, advertisements would be placed in every major market explaining that the promotion was “bogus” and that American Express was attempting to deceive consumers into thinking they were an official sponsor of the Olympics (Payne, 2012, p. 152). Within a few hours, American Express called and said they would end the Olympic-themed marketing activities.

However, similar to the actions of *Playboy Magazine*, the activity continued. Incensed by Visa’s advertising referencing American Express, at the 1992 Barcelona Games they produced advertising that featured the tagline “To visit Spain, you don’t need a
Visa” (Payne, 2012, p. 153). Then, at the Winter Games in Norway in 1994 American Express produced promotional pins featuring the words “Norway 1994” (Payne, 2012, p. 153). The IOC, which had convinced Visa to curb its aggressive advertising referencing American Express, told Visa it could continue the ads. According to Payne (2012), American Express has not engaged in Olympic-themed ambush marketing since 1996. However, the story illustrates how even in the face of potentially damaging actions from the IOC American Express continued its efforts, just as the Casual Clothing Company had 30 years earlier. Though the USOC and IOC responded to the efforts in a different way, it took both months (and in the case of the IOC, years) in order to end the ambush efforts. However, Payne still felt that the IOC was vigorously protecting its sponsors’ rights, while the USOC had not been as proactive. “There is no question that the IOC adopted a very aggressive attitude in protecting its rights and those of the Olympic partners,” (Payne, 2012, p. 145).

Even “official” Olympic sponsors have been accused of ambush marketing efforts. One of the hallmarks of Olympic events is its “clean” venue policy (Payne, 2012). No corporate branding is allowed in the venues. This is an important distinction between the TOP program and the FIFA World Cup sponsorship program, which provides its sponsors with (in-match) brand exposure to a global audience of more than 1 million. In fact, when the IOC was at one time considering changing the policy, Coca-Cola marketing director Steve Jones replied that if the policy was changed Coca-Cola (which had served as a sponsor of the Olympic movement since 1928) would withdraw their sponsorship (Payne, 2012). “In our opinion the value of the Olympics is increased only when every aspect of the
Olympics is different, better, and special,” wrote Jones in a subsequent letter to the IOC (Payne, 2012, p. 162). “I think that we (and other sponsors) derive more associative value with strong Olympic branding created by a clean field of play than we do sharing signage on the Olympic field of play.” However, even Coca-Cola itself may have inadvertently attempted to violate the clean venue policy when it supplied 60,000 red ponchos at spectators at the 1988 Calgary Winter Games. It had been agreed that the ponchos could have a small Coca-Cola logo on the inside of the poncho, in recognition of their contribution to the fans’ experience. When the ponchos arrived at the stadium, it became apparent that the logo was actually on the outside, and would have been visible to the television audience. All 60,000 of the ponchos were turned inside out prior to the event (Payne, 2012).

A similar incident occurred at the 1996 Atlanta Summer Games. Just as the Opening Ceremonies were to begin, the IOC realized that the McDonald’s sign outside the restaurant inside the Olympic grounds had been raised and illuminated, and was clearly visible on television outside the stadium. Though an official sponsor since the 1980’s, it was a clear violation of the IOC’s clean venue policy. An IOC event manager was forced to break into the restaurant during the event, given that it was closed and locked while all of the employees were attending the ceremonies. The IOC had to explain after the event to McDonald’s that one of their employees broke into the restaurant, though it never received a satisfactory explanation as to how the sign was visible on television (Payne, 2012).

Another official sponsor that attempted to violate the Olympic clean venue policy was U.S.-based confectionary brand Mars. Mars had signed on to the first two iterations of
the TOP program, and had the ability to call itself an official Olympic partner and utilize the Olympic rings in advertising and promotions. What it did not have the right to do is advertise and promote its association within the Olympic venues. Still, it sent employees dressed in M&M costumes to Olympic running events, jumping out in the path of runners in order to receive television exposure (Payne, 2012). It also had teams of employees wear t-shirts emblazoned with advertising messages, instructing them to all stand at once and wave to cameras in order to be seen during the broadcast. In response, the IOC told Jacques Guertz (an advisor the Mars family), that if it did not agree to curtail the activities they would simply refund its sponsorship fee. “Guertz was shocked that the IOC would walk away from so much money—we were talking about a $50 million partnership,” wrote Payne (2012, p. 144). Payne utilizes the act to illustrate how serious the IOC was at ending ambush marketing.

The Impact of Television

A detailed history related to the formation of the modern sponsorship model cannot be provided without discussing the impact of television, and it also had a significant impact on the development of the TOP program. Though televised Olympic Games date back to the 1936 Berlin Games (Hill, 1996; Davis, 2012), the medium did not initially benefit the IOC commercially (Hill, 1996). It was not until the Rome 1960 Games that broadcast rights to televise the Olympics were sold, to CBS for $440,000 (Hill, 1996). CBS broadcast a total of 36 hours of coverage, however none of the revenues benefited the IOC (Hill, 1996). This trend continued into the 1968 Mexico Games, when even though ABC paid $4 million
(a large sum at the time) to broadcast the Games, the IOC only received a paltry $150,000 (Hill, 1996).

It was only after the end of the reign of Brundage (following the Munich Games) that the IOC established standards for revenue received from television. The IOC established that the local organizing committee would receive two-thirds of the revenue from broadcast rights, with the IOC receiving the other third (Hill, 1996). From this percentage the IOC would provide one-third (16.7% of the overall total) to the USOC. Though ABC had paid only $7.5 million for the rights to televise the Munich Games, their influence was more far-reaching due to the tragic kidnappings and deaths of Israeli Olympians. The tragedy played out in front of a live television audience, and enraptured viewers. “The Munich kidnappings turned the Games into major news,” noted Hill (1996). Empirical evidence for increased interest in the television rights for the Games is provided in the rights fees paid by ABC for the next Olympic Games in Montreal: $25 million, more than a 300% increase (Hill, 1996).

These steady increases in the broadcast rights fees paid by television networks such as ABC provided the IOC with the stability it had been seeking. As noted by Hill (1996), it ensured that the IOC finally had enough of a surplus that if another Olympic Games had to be cancelled (as it was for the 1940 and 1944 Games), it would be able to survive. According to Hill (1996), the IOC only had $2 million in cash on hand at the time of the 1972 Munich Games, but that stockpile had grown to $45 just eight years later, in 1980. While only $6,855,000 was received for the rights for the Lake Placid Winter Olympics and $11,680,000 for the Summer Olympics in Moscow in 1980 (IOC, 1981a), the IOC
received more than $49.7 million in broadcast-related revenue (including $33.5 million from U.S.-based ABC) for the 1984 Summer Olympics (IOC, 1984).

However, this development provided another potential problem for the IOC. While local organizing committees earn funds from the sale of event tickets, licensing and merchandise, the IOC was completely dependent on television for its revenue. According to Wenn (1995), as of 1974 98% of the IOC’s revenue came from the sale of television broadcast rights. Part of the rationale to develop a global sponsorship program was to create another source of revenue to add to its growing pot related to television.

“Samaranch’s great fear was that the television companies could collude to keep the price down or that a future boycott could destroy the United States television market,” stated Hill (1996, pp. 88-89). Another fear of the IOC mentioned in meeting minutes from the 84th IOC Session in 1981 was that organizations could commence in “pirating” of the Games’ television broadcast signal and “rebroadcasting it without advertisements,” making the rights worthless (IOC, 1981a).

The Creation of TOP

Despite the aforementioned prevailing opinions of the past two decades towards commercialism, incidents of ambushing such as those involving long-time Olympic supporter Kodak, along with Samaranch’s position that the IOC had become too dependent on television, steeled the IOC’s resolve to develop a global sponsorship program that protected official sponsors. This act marked what is considered by many (along with the 1984 Games) to be the most significant achievement in the development of modern corporate sponsorship. According to Hill (1996), at the 86th IOC session in Delhi in March
of 1983 there was a marked consensus among the membership that the organization had grown too dependent on television revenue. In reality, review of primary sources indicates that the issue had been discussed in IOC Executive Board meetings as far back as 1981. According to minutes of IOC Executive Board meetings at the Biltmore Hotel in Los Angeles on February 23-24, 1981, IOC member Alexandre de Merode mentioned that the IOC should commission a study on the possibility of marketing the IOC emblem, given its potential as a new source of income (IOC, 1981b). In addition, at the 84th IOC Session in Baden-Baden in 1981, IOC Member Reginald Alexander noted that it was a “necessity” that the IOC find other sources of income beyond television (IOC, 1981a, p. 5).

The IOC began by creating a committee to study the issue called the New Sources of Financing Commission in 1981, whose first Chairman was African Louis Guirandou-N’Diaye (IOC, 1989). The group consisted of Adrien Vanden Eede (the Secretary General of the Belgian NOC), Colonel Don Miller (Secretary General of the USOC), and Richard Palmer (Secretary General of the British Olympic Association) and was tasked with studying the issue and presenting recommendations to the IOC (Hill, 1996). According to Payne (2012), a seminal moment in the history of the movement was a speech delivered by Adidas executive Horst Dassler at the 86th IOC session in New Delhi, in March of 1983. Dassler chided the 78 stewards of the Olympic movement in a video by remarking, “You, the International Olympic Committee, own the most valuable and unexploited trademark in existence. No major corporation in the world would tolerate such a situation” (Payne, 2012, p. 77). A thorough review of the minutes from the 86th Session and Executive Board meetings in 1983 did not include any mention of a speech by Dassler.
On May 18, 1983, IOC Director Monique Berlioux wrote a letter to each IOC member describing the recommendation of the commission to enter into an agreement with marketing agency ISL (International Sport and Leisure) to execute the program on behalf of the IOC. Wrote Berlioux (1983): “This agreement is aimed at commercialising the Olympic emblem under the total control of the IOC. The resulting revenue will go to the NOCs, OCOGs and to the IOC itself” (p. 4). In the letter, Berlioux explained why ISL had been chosen to lead the project, given that it had prepared a very comprehensive report of the program and that ISL’s partners (such as global advertising agency networks Dentsu and Interpublic) “represent 70% of those companies in the world likely to collaborate in such a project” (Berlioux, 1983, p. 4).

On June 2, 1983, the Executive Board instructed Berlioux to sign a preliminary agreement with ISL to begin to develop the program (Figure 3). As stated in the contract, ISL was granted a 20% royalty on any revenue, with the IOC receiving a minimum guaranteed annual payment of $5 million (including a $2 million advance payment). ISL was formed as a subsidiary of Adidas, which owned 51 percent of the venture (Hill, 1996). According to Hill (1996), the remaining 49 percent of the venture was owned by Dentsu. Dentsu’s investment and involvement would pay direct dividends later, when it essentially agreed to purchase Olympic rights on behalf of its client Panasonic (Payne, 2012), and worry later about justifying the costs to the client. Dentsu was also successful in convincing Japan-based Sanyo to become a sponsor of the 1984 Olympics (LAOOG, 1985).
ANNEX 24
PRELIMINARY AGREEMENT

BETWEEN: THE INTERNATIONAL OLYMPIC COMMITTEE, (IOC)

AND

ISL LICENSING AG, (ISL)

Pursuant to a decision taken at the 86th Session of the IOC in New Delhi, and referring to the talks held with representatives of ISL, this will confirm that in order to assist in the financing of the Olympic Movement, the IOC has agreed to enter into an exclusive agreement with ISL with respect to the licensing and merchandising of certain Olympic emblems, including the five Olympic rings, throughout the world.

The IOC has agreed to assist ISL to conclude other agreements with the various National Olympic Committees, as well as the Seoul and Calgary Organising Committees. In this respect, the IOC shall use its best efforts to assist ISL to conclude these agreements before the end of 1983.

The IOC and ISL have also agreed to conclude a final agreement by 31st December 1983 at the latest. The final agreement is to include clauses clearly defining the rights and obligations of ISL and the IOC, it being understood that the license fee to be retained by ISL shall not exceed twenty (20) percent of the gross royalties and other revenues, and that ISL shall pay to the IOC guaranteed minimum yearly payments of not less than five (5) million US dollars. Upon signature of the final agreement, the IOC is to receive an initial payment of two (2) million US dollars as an advance on the first such guaranteed minimum yearly payment. Should no such agreement be executed, then the whole matter becomes null and void and of no effect.

ISL agrees that the IOC shall incur no liability whatsoever in connection with this preliminary agreement which is issued in favour of ISL only as actually constituted and is not transferable in any way.

DATED: 2nd June 1983

FOR THE IOC:

The Director, as approved by, and by order of the Executive Board.

FOR ISL:

Hrs EHS MAGNUS

Figure 3. Preliminary agreement between the IOC and ISL to initiate TOP program (IOC, 1983)
A deadline was set for the end of the year to sign a final contract with ISL. In fact, Samaranch noted that if an agreement could not be finalized by December 31, 1983, “no further steps would be taken” (IOC, 1983). In November of 1983, Guirandou-N’Diaye recommended in an IOC Executive Board meeting an extension of the preliminary agreement until September 30, 1984, “in order that more time be given to this important and time-consuming operation and ensure an ideal situation for the implementation of the new source of financing” (IOC, 1983).

On June 1, 1985, the IOC, along with the local organizing committees for the 1988 Summer and Winter Games and the USOC, formally signed the contract that granted rights to take a global sponsorship program to market to ISL. As noted by Payne (2012), Dassler was universally respected among those in the Olympic movement, both for his passion for the Olympics and his business acumen. But, as Hill (1996) explained, he also had experience creating similar global sponsorship programs. For example, Dassler had a major role in the development of the sponsorship program for the FIFA World Cup, which is another context utilized in this study. He had not only previously made similar arrangements to sell sponsorships for the 1978 and 1982 FIFA World Cup, but also for the IAAF World Championships in Helsinki in 1982 (Hill, 1996). IOC Executive Board meeting minutes from June of 1985 mentioned that ISL also had an existing sponsorship program with the African Football Federation (IOC, 1985a).

Thus, the 1984 Olympic Games provided the model and Dassler and his associates had the experience and connections among potential sponsors. According to a Wall Street Journal profile of Dassler in 1986, some felt Dassler may have too much influence. In the
words of Berlioux: “He’s the real boss of sport” (Abrams, 1986). Dassler had started his Olympic career by providing shoes to athletes at the 1956 Olympic Games in Melbourne (Abrams, 1986). Now, he presided over an empire that included a 20% stake in Adidas, and had leveraged those connections to secure an enviable position for ISL, despite the fact that the agency was only two years old. In addition, no other agencies were invited to bid on the project (Abrams, 1986). Notes provided to IOC members at the 90th IOC Session in Berlin spotlighted Dassler’s role in the “ultimate management and direction” of ISL, and that the IOC was “confident that ISL’s expertise will be of great assistance with the international programme” (IOC, 1985b). In another potential conflict, the law firm of IOC member Richard Pound, who would later preside over the New Sources of Financing Commission that was responsible for initiating the TOP program, performed legal work for Adidas (Abrams, 1986). Pound attempted to assuage any perceived conflicts of interest by refusing to share in any profits from the Adidas work (Abrams, 1986). Incidentally, current IOC President Thomas Bach also used to work for Dassler at Adidas (Abrams, 1986). Now Dassler was confronted with the challenge of utilizing his influence within the Olympic movement across the globe to actually make the TOP program a reality.

The historical origins of the name of the program are somewhat varied, depending on which source one relies upon. According to Payne (2012), TOP was simply a top secret acronym utilized to cloak the true goal of the program, and among organizers was simply an acronym that stood for “The Olympic Puzzle.” The first reference to TOP was found in IOC Executive Board meeting minutes from the June 4-6, 1985 session in Berlin. In the same meeting, Pound explained to the Executive Board the importance of exclusivity for
the program. “By offering the exclusivity described above to sponsors on a worldwide basis,” explained Pound, “the OCOGs could realise more revenues through the commercial exploitation of their emblem” (IOC, 1985b). The importance of the program’s exclusivity was further illustrated in notes provided to IOC members at the meeting. “The main (and innovative) feature of the new programme as seen by the sponsors is that they will be able to achieve exclusivity with respect to a particular product category (e.g., film, cameras, etc.) on an international basis,” read the report. “This is very attractive commercially and ISL believes that sponsors will be prepared to pay substantial premiums for this feature of exclusivity” (IOC, 1985b).

Hill (1996) asserts that TOP always stood for “The Olympic Programme,” but was changed to “the international programme” in the official contracts with host cities. Payne (2012) claims organizers later changed the meaning of the acronym to “The Olympic Partners,” to better focus the program on the sponsors themselves. Regardless, using the model created by Ueberroth and the Los Angeles Games, together with Dassler’s experience developing similar programs for the World Cup, ISL was responsible for convincing the NOCs to turn over their rights in more than 40 product categories. According to minutes of IOC meetings, the process had started as soon as the IOC had signed the preliminary agreement with ISL in June of 1983. According to IOC Executive Board meeting minutes from Sarajevo in February of 1984, as of January 1, 1984 ISL had consulted with 151 NOCs, with 35 signing “pre-agreements” across 30 product categories (IOC, 1984, p. 1). According to minutes from IOC meetings from May 28-June 1984, NOCs from France and India had also signed on. By October of 1985, 55 NOCs had signed
on, including those of Japan and Scandinavia (IOC, 1985b). As of meetings on October 9, 1986, a total of 121 NOCs has signed up, representing three-fourths of the membership (IOC, 1986). At that point, only Greece and Kuwait had declined to participate. It is important to note that there were still lingering doubts that the program would ever actually be a success. According to IOC Member Franco Carraro, the program had thus far been “a positive experiment” (IOC, 1985a). In the same meeting, Samaranch mentioned that if the program was not successful, the IOC could simply decide not to renew the contract after the 1988 Olympic Games. In a subsequent meeting later that year, Pound noted that it was “too early to judge the outcome” (IOC, 1985b).

According to Payne (2012), establishing the program was a monumental undertaking. Pound was quoted in minutes from an IOC Executive Board meeting in October of 1985 that “this was the first [sponsorship] programme of such size and complexity undertaken by any organization” (IOC, 1985a). However, most agreed the task was nothing compared to what sponsors currently had to go through to truly support the Olympic movement on a global basis. “The true complexity of the challenge facing would-be sponsors is hard to overstate,” noted Payne (2012, p. 78). “It involved persuading over 160 countries to sign up for a single marketing strategy.” Sponsors found the current system “frustrating and unworkable” (Payne, 2012, p. 78-79). In the IOC’s own meeting minutes the current system was described as “time-consuming and expensive” (IOC, 1985b, p. 3). There had to be a better way.

Payne initiated monthly meetings with the USOC, in an attempt to bring the Americans on board (Payne, 2012). The IOC knew if the U.S. were not made a party to the
agreement, it would never work. Evidence of the contentious nature of relations between the USOC and IOC was apparent in a passage contained in the minutes of the IOC Executive Board meetings at the 1984 Summer Olympics on July 25-26, 1984. A report provided to the group by Guirandou-N’Diaye read: “I must draw your attention to the extremely important problem involving the USOC and the difficulties encountered in establishing contact with this NOC. I am therefore requesting the Session’s maximum assistance in obtaining the USOC’s support of this project” (IOC, 1984, p. 86).

According to Payne (2012), some of the USOC’s issues with the program centered on concerns that at the height of the Cold War by participating in the program the USOC would essentially be a party to convincing U.S.-based corporations to support the Olympic teams of bitter Communist enemies, such as the U.S.S.R. and East Germany. To combat the issue, the IOC pointed out that U.S. corporations were already doing business in many of these same countries, and using those funds to support the U.S. Olympic team (Payne, 2012). The Americans finally agreed to join the program. The IOC’s ability to partner with the USOC, as well as the prior correspondence at its highest levels decades earlier, demonstrated that while relations were not always cordial, the two sides both held the future health of the Olympic movement as their utmost priority.

As for the 20 other countries that were currently receiving some support from sponsors, the IOC offered each country an undetermined amount to compensate them for the sponsorship categories they would be losing as a result of the formation of TOP (Payne, 2012). Some NOCs, such as Great Britain and their existing sponsor American Express, lost a great deal in the initial transaction and were compensated with seven-figure
settlements (Payne, 2012). The NOCs who did not currently have any commercial sponsors (and were largely supported by their local government) were compensated with $10,000 spread over 3-4 years, and $300 for every athlete they sent to the Games (Payne, 2012). In the end, 154 of the current 167 NOCs signed on, with the only exceptions being those who refused to sign out of political reasons, such as North Korea and Cuba (Payne, 2012). The creation of TOP ensured that if a company was willing to pay the price to join the program, it would never again befall the fate suffered by Fuji at the 1984 Olympics, with one of the host nation’s most celebrated teams being sponsored by a competitor.

Now the challenge for Payne and ISL was to convince corporate sponsors to sign up as the first global Olympic sponsors. Coca-Cola, which had sponsored the Olympic uninterrupted since 1928 (IOC, 2014) pledged its support to IOC Chairman Juan Antonio Samaranch and quickly signed on. However, Coca-Cola hedged its bets by continuing its existing local sponsorships with each of the major NOCs, in the event the program fell apart before the 1988 Olympics (Payne, 2012). Other sponsors who agreed to join the initial iteration of the program were U.S.-based Kodak, 3M, and Visa, after American Express decided to pass on the opportunity (Payne, 2012). In the end, a total of nine sponsors signed on, including Japan-based Brother and Panasonic, U.S.-based Federal Express and Time, Inc., and Netherlands-based Philips (Ferrand et al., 2012). The program brought in total revenue of just $96 million (IOC, 2014). According to the minutes of the IOC Executive Board meetings in Istanbul in May of 1987, Guirandou-N'Diaye described this as a “very good result” (IOC, 1987).
Hill (1996) noted that one reason that more than nine sponsors did not sign on was although the program is now heralded for its simplicity in the ability for a brand to purchase global rights in just one contract, many felt that is was wasteful to sponsor the Olympic teams of nearly 200 countries. However, Payne was undaunted, and continued building the program. Eight of the original 9 TOP partners (all but FedEx) and a total of 12 in all signed up for TOP II, spanning the 1990 Albertville Winter Games and the 1992 Barcelona Summer Games, which nearly doubled the revenue from the program to $172 million (Ferrand et al., 2012; IOC, 2014). According to a report from Pound, by August 1989 the IOC’s dependence on television revenue had been reduced from 95% to just over 50% (IOC, 1989). Moreover, the success of the “Dream Team” U.S. professional basketball team brought and unprecedented amount of attention and publicity to the 1992 Games, and a new era had begun (Payne, 2012). By TOP III, revenues climbed to $279 million (IOC, 2014).

Today, sponsorship revenues (including those generated by TOP), comprise nearly 19% of revenues devoted towards NOCs and 11.8% of total marketing revenue (IOC, 2014). Most sophisticated NOCs follow the TOP program formula for their own sponsorship programs in categories not currently held by TOP global sponsors. In the most recent completed quadrennial that ended in 2012, the TOP program featured 11 sponsors and generated nearly $1 billion in revenue ($950 million; IOC, 2014). Today, the 10 current global sponsors of the Olympic Games purchase the rights to be considered “Partners of the Sochi 2014 Olympic Winter Games,” “Partners of the Rio 2016 Olympic Games,” and “Partners of all Olympic teams competing in Sochi 2014 and Rio 2016” (IOC,
2014). Perhaps more importantly, they have the ability to associate their brand with one of the most well-known and admired symbols in the world, the Olympic rings (Davis, 2012).

Following the Olympic model, similar sponsorship platforms were enacted by each of the major North American sports leagues, including the National Basketball Association (NBA) and the National Football League (NFL). Each league has official sponsors in each major product category, while the teams (similar to the NOCs in the Olympic context) have their own sponsors. However, unlike the TOP program, league sponsors are no longer assumed to have league-wide exclusivity. This distinction was brought on by an antitrust lawsuit filed by Dallas Cowboys owner Jerry Jones, who bristled at the fact that Coca-Cola was the league’s official soft drink sponsor (and like TOP sponsors had exclusivity throughout the league and its teams), while he was anxious to partner with PepsiCo. (Sandomir, 1995). He also signed a stadium-only sponsorship with Nike (while Reebok was the official league partner), and planned to do the same with American Express (Sandomir, 1995). Jones’ argument was that the teams could market and license their logos better than the NFL could. Right or wrong, the NFL settled the lawsuit, and the Cowboys were able to sign their own sponsors (Sandomir, 1995). Only one current NFL sponsor currently still has the distinction of being exclusive across the league and its teams. Long-time sponsor Gatorade, which has been on NFL sidelines in an official capacity since 1983, has maintained its league-wide exclusivity (Rovell, 2004). The brand, now owned by PepsiCo., renewed its NFL partnership through 2022 at an estimated cost of more than $2 billion (Futterman, 2011).
Due in large part to the global exclusivity afforded a TOP sponsor, competition to become a worldwide Olympic sponsor has become so fervent that the latest developments included the potential for the IOC to allow only up to six potential sponsors (Mickle, 2014b). Even the discussion of such a development caused some sponsors to panic, including Japan-based Panasonic. The company was so concerned it may get shut out of the program’s next iteration beginning in 2020 that it offered the IOC more than double what current sponsors were paying (from an estimated $100 million to $200 million) in order to ensure its spot in the program when the Summer Olympics take place in their home country of Japan (Mickle, 2014b).

It is speculated that the next generation of the TOP sponsorship program may double the revenues provided via the program to the IOC and the more than 200 NOCs around the globe, from nearly $1 billion to over $2 billion (Mickle, 2014). Meanwhile, long-time sponsors such as Coca-Cola, McDonald’s, Panasonic, and Visa have held exclusive rights to utilize the Olympic marks since the 1980’s, ensuring that competitors such as American Express who passed on the opportunity to participate in the program more than 30 years ago are forbidden from leveraging the Olympic movement to grow their business. More importantly, the program’s continued growth has virtually ensured the viability of the Olympic movement well into the 21st century.

The Sponsorship Academic Literature

The review of the events surrounding the formation of the sponsorship program for the 1984 Olympic Games, leading to the development of the TOP program, is also important in that these events were closely followed by the initiation of the study of
sponsorship by those in the academy. For example, the most widely utilized early definition of sponsorship was developed by Meenaghan (1983), during the time in which developments related to the formation of the sponsorship program for the 1984 Olympic Games were being chronicled in the popular press. In their exhaustive multi-disciplinary review, Cornwell and Maignan (1998) identified five early dimensions of academic research related to sponsorship through the year 1996. According to the authors, the streams were developed by identifying the areas that at the time had been most commonly addressed in the literature. The five streams were: the nature of sponsorship, managerial aspects of sponsorship, measurement of sponsorship effects, strategic use of sponsorship, and legal and ethical considerations in sponsorship.

As a relevant review of literature that provides a foundation for this study, we will utilize some of these initial classifications in the development of a continuum depicting the evolution of the sponsorship-related literature that not only builds on this previous work but provides an updated perspective since the time of Cornwell and Maignan’s (1998) review. In order to properly isolate the unique contribution of this study, in our review we will differentiate between studies that investigate the consumer-related effects of sponsorship and those that focus on firm-related effects. Consumer-focused studies will be marked by investigations into the effects of sponsorship on consumer perception and attempts to influence consumer-related behavior. Research focused on the firm itself is a relatively new area of research. These studies have focused solely on the return-on-investment for the firm as a result of investments in sponsorship, such as effects on firm stock price and other aspects of business performance such as sales. Reviewing this most recent stream of
sponsorship research on firm-based effects will help to bring us up to date on the current state of the sponsorship literature.

Defining Sponsorship

Early research on sponsorship attempted to ascertain the exact nature of sponsorship, differentiate it from other marketing efforts, and formulate its key objectives. The important distinction provided by Meenaghan (1983) in his aforementioned definition was the commercial nature of sponsorship, in that the investments made by brands were motivated not by a desire to participate in cause-related philanthropy, but with the goal of furthering the sponsoring firm’s business objectives. The definition proffered by Meenaghan (1983, p. 9) was as follows: “…sponsorship can be regarded as the provision of assistance either financial or in-kind to an activity by a commercial organization for the purpose of achieving commercial objectives.” This definition rightly separates commercial sponsorship (i.e., undertaken with the goal of furthering commercial objectives) with cause-related marketing (CRM). Cause-related marketing (Varadarajan & Menon, 1988) is focused on the link between fundraising for worthy causes and purchase of a firm’s products. Thus, while CRM can encompass business-related objectives, it is also designed to support a worthy cause, usually a non-profit organization. However, from the firm’s perspective a commercial sponsorship is designed to be an investment that solely benefits the firm.

In addition to the distinction between commercial-focused sponsorship and cause-related marketing efforts, the early literature also attempted to distinguish sponsorship from event marketing, which focuses on the promotion of events, as well as other parts of the
marketing mix. For example, Cunningham and Taylor (1995) established an early
definition of event marketing that includes the sponsorship of events, as well as other
marketing mix elements that utilize an “event theme” to accomplish business-related
between the two efforts, stipulating that event marketing is focused on the marketing of an
event, as well as marketing utilizing events. This distinction is inherent between the two
efforts, in that marketing of an event is an activity that is separate from sponsorship-
focused efforts (though many sponsorships involve sponsoring an event, it is not solely
designed to fund the event). Meenaghan (1983) also attempted to distinguish between
sponsorship activities and traditional advertising efforts, given that advertising messages
utilize a mixture of visuals and vocals, while sponsorship is largely a non-verbal, or visual,
medium. Given that there was as of yet no established, universal definition for sponsorship,
a number of country-specific studies examined efforts in various markets, including Greece
(Asimakopoulos, 1993), North America (Gross, Traylor, & Shuman, 1987), Russia
(Graham & Lelchitski, 1993), and the U.K. (Meenaghan, 1983). In their review of
sponsorship activities across Australia, the U.K., the U.S., and South Africa, Meerabeau et
al. (1991) were among the first to compare how sponsorship activities differ across
countries (though their analysis was focused solely on the drink industry, they found
activities were similar in the various markets).

As noted by Cornwell and Maignan (1998), an important development in these
early efforts to define sponsorship is the realization that sponsorship not only describes the
act of contracting with a third party, but the future leveraging of that association in an effort
to achieve the partnerships stated objectives. For example, Otker’s (1988) definition built upon Meenaghan’s efforts by including reference to associated sponsorship-related activation activities, which he termed exploitation. “Commercial sponsorship is (1) buying and (2) exploiting an association with an event, a team, a group, etc., for specific marketing (communications) purposes” (Otker, 1988, p. 77). This distinction led to the important establishment of the term “sponsorship-linked marketing,” which encompasses not only the act of the sponsorship’s creation, but also marketing activities designed to communicate the brand’s association with the sponsorship property (Cornwell, 1995, p. 15). These activities encompass “all marketing and communication efforts undertaken by sponsors to leverage their investment in the sponsored activity of event” (Cornwell & Maignan, 1998).

The Objectives of Sponsorship

Missing from Meenaghan’s oft-utilized early definition is an explanation as to the objectives of sponsorship. Early efforts attempted to offer a rationale for growth in the activity, usually by surveying sponsorship practitioners in various markets (e.g., Witcher, Craigen, Culligan, & Harvey, 1991; Shanklin & Kuzma, 1992). Gardner and Shuman (1988) offered that sponsorship has the potential to support corporate objectives (such as enhancing corporate image), as well as marketing objectives such as increases in brand awareness. A survey by Hoek, Gendall, and West (1990) of 19 New Zealand-based corporations found that the objectives deemed to be most important were improving goodwill towards the company, enhancing image, increasing awareness, improving profitability, and management interest. Hastings (1984) was among the first to distinguish between the objectives of sponsorship and that of advertising, and noted that given this
distinction, measurement efforts for each strategy should be unique. Abratt, Clayton, and Pitt (1987) found that the most important reasons offered by sponsors in South Africa were television exposure, the enhancement of corporate image, and promotion towards potential customers (in the form of event and television spectators. Mihalik (1984) utilized a case study approach, finding that the strengthening of a creative corporate image was a major objective, consistent with the findings of Abratt et al. (1987), Hoek et al. (1990), and Witcher et al. (1991), whose work surveyed a total 54 different sponsorship managers. The research of Gilbert (1988) further confirmed the multi-functional nature of sponsorship, while Crowley (1991) was the first to find that an importance was placed on the potential for media coverage. Cornwell and Maignan (1998) summarized these early studies focusing on the establishment of a set of uniform objectives for sponsorship by noting that objectives usually focused on improving image, awareness, and sales, and that these early studies were largely descriptive in nature rather than empirical.

Consumer Effects of Sponsorship

Once a stream of research focusing on defining sponsorship and exploring its various objectives had been established, researchers quickly began to focus on an investigation into the effects of a firm’s investment in sponsorship. As noted by McDonald (1991) and Cornwell (1995), the measurement of sponsorship effects had been problematic, and became an area of focus for researchers. Though many may characterize brand-related objectives such as changes in brand awareness, brand image, or brand equity as firm-related, for the purposes of our review we will explore these studies as part of a review of consumer-focused effects. This decision is based on the rationale that brand-related
measures are inherently based on consumer perception, and measured via either survey-based or experimental research involving consumers. Early studies were largely marked by the employment of survey-based research, with a number of studies focused on the attainment of brand awareness for sponsors. This approach was logical, given that Keller’s (1993) conceptualization of brand equity, defined as the potential effect of brand knowledge on a consumer’s purchase decision, is reliant on first gaining awareness, and necessary in the process in which a brand or corporation may gain a favorable image.

Focus on Brand Awareness

Therefore, a series of early studies investigated the efficacy of sponsorship and its ability to generate brand awareness (as measured by assessing brand recall and recognition), utilizing survey-based methods. Two early studies utilized the Olympics context. Sandler and Shani (1989) assessed recall of sponsors of the 1988 Olympic Games (finding that sponsors were correctly identified more than non-sponsors who participated in ambush marketing activities in four of the seven product categories investigated). Stotlar (1993) surveyed more than 1,600 consumers in an attempt to measure recall of sponsors of the 1992 Olympic Games, and found that recall varied greatly across sponsors, and that results were not different across demographic differences in age, gender, or income.

Cuneen and Hannan (1993) found similar results via a survey of spectators at a U.S.-based golf tournament, as sponsors were correctly recognized, and results did not vary based on demographics. Results were also similar in a study of sponsor recall by Pope and Voges (1993) of spectators at an Australian rugby game, Kerstetter and Gitelson’s (1995) study measuring unaided recall of sponsors of a U.S. arts festival. Pitts (1998) utilized similar
approaches to assess brand recall for sponsors at the Gay Games, while Bennett (1999) surveyed spectators entering and exiting U.K. soccer matches to investigate recall.

*Image Effects*

Researchers began to move beyond brand awareness to study sponsorship’s effects on brand and corporate image, consistent with Keller’s (1993) framework. Keller defined brand image as “perceptions about a brand as reflected by the brand associations held in memory” (Keller 1993, p. 3). In a paper presentation, Gwinner (1994) wrote of sponsorship’s potential to influence brand image and in 1997 debuted a conceptual model for how sponsorship may impact it (Gwinner, 1997). Hansen and Scotwin (1995) were one of the first to attempt to not only measure sponsorship’s role in increasing brand recall and recognition, but also changes in image. Meanwhile, other researchers also began to study sponsorship’s potential to impact corporate image. For example, Otker and Hayes’ (1987) study found that Philips’ sponsorship of the FIFA World Cup resulted in a small but positive image-related effect. Nebenzahl and Jaffé (1991) also confirmed small but positive effects of sponsorships of the 1988 Olympic Games by appliance manufacturers in South Korea, while Javalgi, Traylor, Gross, Lampman (1994) investigated the effect of sponsorship on the corporate image of five different sponsors, finding that it differed widely. Turco (1995) surveyed nearly 400 consumers at a horse race, resulting in a positive effect on corporate image, as well as recall and recognition, while d’Astous and Bitz (1995) investigated the various features of a sponsorship program that have the potential to impact image. The researchers found a non-linear effect of the link between a sponsor and event on corporate image, and that interest in the event by consumers had a positive effect.
(d’Astous & Bitz, 1995). Utilizing telephone surveys, Stipp and Schiavone (1996) found that an Olympic sponsorship resulted in positive effects on the corporate image of a sponsor (not revealed) of the 1992 Olympic Games.

A significant limitation of many of these studies was their reliance on exposure-based effects and the utilization of survey methods. Pham (1991) rejected such methods, noting that only experimental designs could control potentially confounding variables and attempt to isolate the effects of sponsorship. Cornwell and Maignan (1998) explained that these early field studies largely yielded unreliable and inconsistent findings, and called for the employment of experimental designs. Another challenge is that research proved that investments in sponsorship are most effective when supported by sponsorship-linked marketing approaches that assist in the communication of the sponsorship to consumers (Cornwell, 1995). Gardner and Shuman (1987) had already found that sponsorship interacts with other forms of traditional sales promotion and marketing activities, while Pope and Voges (1995) found that the effects of sponsorship, combined with advertising, were cumulative in nature. This was also the dawn of an integrated marketing communications (IMC) approach (Schultz, 1992), whereby all consumer communication efforts are integrated, making it even more challenging to disentangle the effects of sponsorship alone.

**Sponsorship-Focused Experimentation**

Thus began a trend away from survey-based approaches designed to ascertain exposure-based effects and the employment of experimental designs that attempted to isolate the effects of sponsorship and compare them to that of more traditional approaches. In an experiment involving 85 student participants, Pham (1992) attempted to isolate the
influence of several variables on the effectiveness of exposure to sponsorship-related stimuli. He found that involvement had a non-linear (inverted-U) effect on brand recognition, while arousal had a negative effect, and pleasure did not have any effect. Rajaretnam (1994) found that sponsorship had a greater effect on awareness, brand preference and corporate image than advertising, while advertising had a larger effect on product image. Hansen and Scotwin’s (1995) experimental design involved 220 student participants, and found that sponsorship’s impact to create brand recall was similar to that of advertising. Their research also confirmed that investments in sponsorship were most effective when paired with advertising and when it was more explicit in nature.

Application of Theories

With the dawn of sponsorship-focused experimentation, it became necessary to utilize various theoretical frameworks and paradigms to properly guide hypotheses and explain observed effects. Sponsorship is applied in nature (not unlike the marketing subdisciplines of advertising and consumer behavior), so early studies borrowed from the cognitive psychology literature in an attempt to ground studies in appropriate theoretical frameworks (Cornwell et al., 2005). Among the theories and approaches that began to be utilized to explain sponsorship-related effects (many of which are still be used today), are mere exposure, social identity theory, image transfer, schema theory, congruence, and articulation.

Mere exposure (Zajonc, 1968) posits that simple repeated exposure to stimuli will result in an affective response. In the context of sponsorship, it was hypothesized that exposure to a brand-related stimuli, such as the repeated viewing of a sponsor’s signage at
a sport facility during an event, will result in not only a cognitive response in terms of an increased awareness levels, but improved attitudes towards the sponsor. These results were found in the aforementioned study by Bennett (1999), who surveyed fans prior to and after viewing signage at a soccer match. Another study utilizing a field setting (Cornwell et al., 2000) also found that exposure to event signage influenced consumers’ memory of sponsors. To help control for potential confounding variables, Olson and Thjømøe (2003) utilized an experimental design testing the applicability of the mere exposure effect, finding that study participants formed more favorable evaluations of sponsors as a result of exposure to both real and fictitious brands.

In the context of sponsorship of non-profit organizations, social identity theory (Mael & Ashforth, 1992) was utilized to help explain consumers’ willingness to purchase products offered by sponsors of such organizations. The theory has been helpful in the sport fan consumer behavior literature to illustrate the role of a fan’s identification with a sport team and its ability to have positive effects on one’s self concept (Branscombe & Wann, 1991). Research has also shown that it can help explain how a sponsor’s partnership with a sponsored property may lead to positive outcomes. A study by Cornwell and Coote (2005) revealed a positive relationship between the consumers’ identification between the organization and their propensity to purchase products. Research by Madrigal (2000) also found that purchase intentions were greater for those who identified with the sponsored team and when these actions were determined to be the group norm.

Image transfer results when the image of a sponsored person (such as an athlete or celebrity) is then associated with the sponsoring brand. Gwinner (1997) was the first to
explain that image transfer between a sponsored property and brand may be aided by the similarity between the two entities, borrowing from McCracken’s (1989) model based on a brand’s endorsement of a celebrity. Gwinner and Eaton (1999) further explored the concept, finding that when sponsored events and brands were well-matched (either via similar images or functions) participants rated them similarly in terms of personality.

Most of the early work in this area utilized the context of sponsorships of celebrities. Kahle and Homer (1985) first proposed and then empirically investigated the match-up hypothesis. The researchers found that the effectiveness of razor advertising utilizing celebrity endorsers was increased when there is a convergence between the image of the celebrity and the image of the product he or she is endorsing. For example, in the context of a beauty-enhancing product, the more physically attractive the celebrity endorser, the greater the influence of the advertising on brand recall, brand attitudes, and ultimately purchase intention. Utilizing a similar approach, Misra and Beatty (1990) found that pairing actor Clint Eastwood (who in a pretest consumers associated with being “tough” and “rugged”) with a jeans brand resulted in higher brand recall and improved brand attitudes, when compared to other incongruent (or neutral) pairings. This research utilized schema theory to explain these results. A schema (Bartlett, 1932; Lord and Foti 1986) is defined as a cognitive structure that represents knowledge about a type of stimulus, such as a person, event, or object. Schema theory and associated research proposes that memory is a blend of specific past memories and abstract generalizations about various types of people or objects (Rumelhart and Ortony, 1977), and like stereotypes help individuals function in an increasingly complex environment.
Consistent with this definition, Misra and Beatty (1990) found that schema theory supports the match-up hypothesis, suggesting that if a sponsored entity is inconsistent with the brand’s schema these characteristics will be filtered out. More congruent characteristics will be more easily encoded, leading to increased recall. Two early studies confirmed this hypothesis. Lynch and Schuler (1994) found that when a more masculine endorser was matched with a product that promoted masculinity or that were masculine in nature, it led to high perceptions of the endorser’s knowledge of the product. In the same year, Kamins and Gupta (1994) found that better fit led to more favorable attitudes towards the product and increased believability and attractiveness of the sponsored celebrity.

These concepts were later extended to the study of partnerships with athletes. Till and Busler (2000) depicted an anonymous model as being either an athlete or an actor, with consumers reporting more positive brand attitudes towards the products (energy bars) endorsed by the athlete. A follow-up study utilizing a brand of athletic shoes (L.A. Gear) found that an athlete endorser (Joe Montana) was rated to be more credible for the product than a celebrity endorser (Paula Abdul), though the study did not confirm that participants felt that Montana was a better match for the product. Boyd and Shank (2004) also found that athletes (triathlon participants) were perceived to be more credible in endorsing a sport product (shoes) than famous Olympians who endorsed a non-sport product (milk). Similarly, Yoon and Choi (2005) found that study participants preferred (and reported higher levels of purchase intention) advertisements for sport brands when the ads contained an athlete, even though the athlete was not famous. Utilizing schema theory, Koernig and Boyd (2009) performed two experiments featuring a comparison of consumer effects based
on stimuli using a famous athlete (Tiger Woods) and an anonymous model. Results indicated that athlete endorsements were more effective for sport-related brands than non-sport brands, which enhanced the image of the celebrity himself. The study also confirmed that when a model is identified as a famous athlete, the ensuing endorsement is more effective when there is a match between the endorser and brand.

This research applying schema theory in support of the match-up hypotheses forms a basis for a long stream of sponsorship-focused research based on congruence, according to Cornwell et al. (2005) the most researched sponsorship-related theoretical construct. The proposition has a basis in cognitive psychology, where research by Srull (1981) found that consumers are more likely to remember information that is congruent with expectations. Johar and Pham (1999) manipulated congruence between a sponsoring brand and property, and found that those who were perceived to be more congruent were identified as sponsors, and found to have more perceived prominence in the marketplace. McDaniel (1999) presented advertisements promoting sport sponsorships and found that brand-event congruence significantly improved attitudes towards the advertisement. Musante, Milne, and McDonald (1999) found that sponsors that were more functionally related to the sport enjoyed improved consumer perceptions of fit. Speed and Thompson (2000) found that perceived sponsor-event fit led to more favorable attitudes towards the sponsor.

Outside of the context of commercial sponsorship, congruence has also been found to be beneficial for sponsors of non-profit organizations. Rifon, Choi, Trimble, and Li (2004) found that consumer perceptions of congruence between the brand and the cause it sponsors resulted in a consumer attributing altruistic motives to the sponsor. This resulted
in the enhancement of credibility for the sponsor and consumer attitudes towards the brand. Further, a mediation analysis indicated that congruence’s effect on attitudes towards the sponsor was mediated by perceived credibility of the sponsor. Meanwhile, Becker-Olsen and Hill (2006) found that high-fit sponsorships of non-profit organizations resulted in increased brand identity. Fleck and Quester (2007) attempted to further the literature on congruence by working to help conceptualize the construct. Their research favored utilization of a two dimensions, and then developed an instrument that was validated via surveys in two countries. Most recently, Pappu and Cornwell (2014) utilized the context of non-profit organizations (specifically blood donation and cancer prevention organizations) to extend the congruence literature further, in an investigation of the role of sponsor-property similarity. Notably, the authors found an interaction between consumer perceptions of similarity and fit when suspicion or a disruption was evoked, discovering a counterintuitive effect of similarity.

In the context of sport sponsorship, congruence was also found to be beneficial for sponsors of mega events, such as the Olympics and FIFA World Cup. Utilizing schema theory, Koo, Quarterman, and Jackson (2006) confirmed that higher perceived image fit among consumers resulted in higher brand awareness (as measured by brand recall) for sponsors of the 2002 FIFA World Cup. Roy and Cornwell (2004) paired high and low brand equity sponsors with events such as the 2000 Summer Olympic Games, the U.S. Open golf tournament and the NBA All-Star Game. The study found that those high in knowledge about the event (i.e., experts) reported that the sponsors with low brand equity were less of a match than high equity sponsors. Koo, Quarterman, & Flynn (2006) also
investigated the effect of consumers’ perceived congruence between the brand and event utilizing sponsors of the BCS, and revealed a positive impact on both cognitive (brand recognition) and affective (corporate image and brand attitudes) responses. Both of these responses, in turn, significantly impacted behavioral responses, in the form of purchase intentions. Similar results were found in a study of attendees of an action sports event by Gwinner and Bennett (2008), who also found that brand cohesiveness and sport identification also influenced consumer perceptions of congruence. Dees et al. (2010) utilized a field study in the context of NASCAR, and found that personality fit (on the dimensions of excitement/ruggedness, competence/sophistication, and sincerity) between the sponsor and driver led to positive effects on consumer attitudes towards the sponsor, attitudes toward the brand, and purchase intentions. Recently, Kourovskaia and Meenaghan (2013) spotlighted a study by research agency Millward Brown that again confirmed a strong correlation between perceived sponsorship congruence and brand image, as reflected by a consumer’s impression of the brand.

Olson and Thjømøe (2011) recently extended the literature on congruence with the employment of several methodologies that had yet to the utilized in the study of the effects of congruence in sponsorship. The research was designed to better understand how consumers who are exposed to sponsorship-related elements form their impressions of fit. In one experiment, the researchers utilized a cognitive mapping technique, with a content analysis revealing that the participants conceptualized congruence across seven dimensions, including commonalities in product use, size, audience, geography, attitude, image, and time. In a follow-up study, participants were presented with press releases to
assess which of the dimensions were significant predictors of consumer perceptions of fit. The study found that use by the participants and audience similarity were the most important predictors, with geographic and attitude similarities also proving significant. All four dimensions were then proven to be significant predictors of attitudes towards the sponsors, with all but geographic similarity also predicting attitudes towards the sponsorship.

The final study by Olson and Thjømøe (2011) utilized conjoint analysis in an investigation of the effects of potential explanations for sponsorships that do not feature natural congruence. As explained by Cornwell et al. (2005) and Cornwell, Humphreys, Maguire, Weeks, and Tellegen (2006), articulation refers to the efforts to explain to consumers why a brand has chosen to sponsor a particular property. In previous studies, a sponsor’s articulation of the reasons behind an incongruent sponsorship led to higher recall of the sponsor (Cornwell et al., 2006). In order to determine how various examples of articulation may impact consumer perceptions of fit, various scenarios were presented to participants (which were 42 full-time sponsorship managers), including the motivations behind the initiation of the sponsorship, the length of time of the sponsorship commitment, and how the brand intends to activate the sponsorship. Two different types of sponsors were utilized, including a bank (i.e., poor natural fit) and a sporting goods store (high natural fit). The study found that poor “natural” fit of a bank sponsoring a soccer team could be overcome with successful articulation strategies, including the fact that its customers like the team and that the bank has been a long-term sponsor. Overall, proper
articulation increased consumer fit perceptions more than 30%, when compared to poor articulation strategies.

Recently, Mazodier and Quester (2014) utilized a latent growth model approach to improve understanding for how the effects of congruence may change over time, in one of the only longitudinal studies involving congruence. The study confirmed that the initial level of perceived congruence does positively influence brand affect. However, the researchers found that while a steeper initial increase in fit can more positively increase brand affect, there is a negative relationship with a subsequent increase in brand affect. In short, resolution with incongruence over time is an important factor in whether sponsorship improves brand affect.

Firm Effects

The early work of Hoek et al. (1990) noted that sponsoring brands assume that there are positive firm-related effects arising from the investment in sponsorship, but that none actually measure these effects. That soon began to change as access to the internet and modern computing power allowed researchers to empirically investigate the effects on the performance of the firm by sponsorship. These studies utilized an event study approach to model the effects of sponsorship over time, and therefore serve as an effective basis in the literature for this study, which investigates sponsorship utilizing an event history analysis modeling approach. These studies also provide a worthwhile basis for several independent variables to be investigated as part of this study.

Early studies focused on ascertaining firm effects of sponsorship utilized one specific sport context, such as investment in similar sponsorships of the Olympics (e.g.,
Farrell & Frame, 1997; Miyazaki & Morgan, 2001) or auto racing (e.g., Cornwell, Pruitt, & Van Ness, 2001; Pruitt et al., 2004) and focused on only one such metric, stock price. The basis for these studies is that while a firm’s business performance certainly encompasses a wide range of metrics, stock price is the one measureable metric that is both applicable for all (publicly-traded) firms and tends to capture and reflect any changes in all other metrics (Pruitt et al., 2004).

Most of these early works focusing on just one sport context largely found that investors reacted favorably to the announcements of sponsorships, at least in the day of or following the announcement. However, overall results have been mixed, based a variety of methodologies and subsets of sponsors utilized in the various studies. For example, Farrell & Frame’s (1997) study of 26 firms that invested in Olympic sponsorships in advance of the 1996 Olympic Games found negative abnormal returns for these sponsors. However, their analysis was limited to only U.S.-based, publicity-traded corporations. Therefore, only five of the 10 TOP sponsors supporting the Olympics at the time were included in the study. Miyazaki and Morgan (2001), who also analyzed the returns of many of the same sponsors of the 1996 Olympic Games (total of 27 firms), found that investors reacted positively to the announcements. The study did not find an abnormal return on the day of the announcement, but found a significant positive cumulative abnormal return (1.24%) in a window beginning four days prior to the public announcement (Miyazaki & Morgan, 2001). The two studies, although they analyzed virtually the same dataset, utilized different baseline periods and compared them to different event windows, demonstrating one of the challenges impacting the generalizability of such event studies.
In an example of another fairly homogeneous dataset, Cornwell et al. (2001) examined the returns of sponsors of participants of the Indianapolis 500, a total of 28 different sponsorships across 17 firms. The study, which focused solely on the brands that sponsored the winners of the race, did not find statistically significant increases in the share prices of the sponsoring firms after the win in the race. In contrast, Pruitt et al. (2004) later examined the primary sponsors of NASCAR teams (24 total sponsorships), and did find significant positive abnormal returns. Other early studies also examined the returns from sponsorships of athletes, or athlete endorsement agreements. Agrawal and Kamakura (1995) examined the returns of 110 athlete endorsement agreements undertaken by 35 firms and found positive abnormal returns. Likewise, Mathur, Mathur, and Rangan (1997) found similar results for five firms that endorsed Michael Jordan during his return to the NBA.

While many of these studies focused solely on U.S.-based sponsorships (such as the aforementioned studies focusing on Indianapolis 500 and NASCAR sponsorships), Cobbs et al. (2012) extended the literature by investigating a global sponsorship platform, Formula One (F1) Racing. The authors not only did not find evidence of positive cumulative returns, but found that shareholders reacted negatively to announcements of F1 sponsorships. Other variables investigated as part of the study included functional relatedness between the brand and sponsored team (which was not found to be significant), as well as shared nationality between the sponsoring firm and team and level of investment (both of which were found to be significant predictors of negative returns).
Context is an important consideration in sport marketing. To wit, if a corporation is considering a naming rights sponsorship or an official status sponsorship of a particular sport, they are interested only in the returns for firms who have engaged in sponsorships in that specific context. However, it is important to advance the academic literature by examining effects across multiple contexts, and explore differences that might exist. Therefore, we will end with an examination of studies that explored various contexts, rather than focusing on sponsorships of one specific sport. In an example of the earliest such study, Mishra, Bobinski, and Bhabra (1997) investigated the effects of 76 announcements of sponsorships of various types, including the Olympics, but also concert tours, tennis tournaments, and naming rights agreements. Their study also found a positive, statistically significant abnormal return on the day of the announcement. This was not the case in the 10 other days before and after the announcement. Cornwell et al. (2005) built upon their prior analyses of the effects of racing and naming rights sponsorships in examining a total of 53 different official status sponsorships of various sports leagues. Consistent with their earlier findings for NASCAR sponsors, these sponsors experienced a mean increase in their market valuations of approximately $257 million. The largest gains were enjoyed by firms with smaller market shares (perhaps by signaling a positive future for the corporation) and by those sponsoring the NBA, NHL, and PGA (Professional Golf Association) TOUR. High technology firms experienced more positive returns, while congruence between the sponsoring firm and property was also a predictor of positive returns (consistent with numerous other studies in the sponsorship literature).
The same group of researchers authored a study in 2009 that analyzed a larger sample (114 sponsorships stretching from 1990-2005) of title sponsorships of tennis and golf tournaments, NASCAR races, and college bowl games (Clark et al., 2009). Sponsorships of NASCAR races were positively received, while the announcement of title sponsorships of NCAA bowl games were met with a negative reaction from investors (no change for sponsorships of golf tournaments). Consistent with other studies, the authors found that congruence between the sponsoring firm and event, high technology firms, and size of firm (as measured by market value) were all predictors of positive returns.

The work of Clark et al. (2009) was importantly the first in the literature to delineate between announcements of new partnerships and those being renewed. Renewal announcements of NASCAR sponsorships were met positively, with no effect after NCAA bowl games, and a 3% decrease for announcements of renewals with PGA golf tournaments. In a similar study by Lei, Ghosh, and Srinivasan (2010) that analyzed the results of announcements of sponsorships with six different North American sports leagues, the results were also mixed. New sponsorships were met with an increase of nearly 3% in the two-day period following the announcements, while renewal announcements resulted in a 1.1% decrease during the same time period (Lei et al., 2010). Recently, Kruger et al. (2014) built upon this work by examining the announcement of South African-based sponsorships of football and rugby teams. The research largely did not find an effect for announcements of new and terminated sponsorships, save for an increase of 4.35% for the announcements of sponsorship renewals in the short term (20 days post announcement).
Clark et al. (2002) and Leeds, Leeds, and Pistolet (2007) both examined stadium or arena naming rights agreements. Clark et al.’s (2002) study examined 49 sponsorships (across 48 firms) and found positive abnormal returns for sponsors of various stadiums and arenas in the U.S. The returns were not only significant but large, almost 1.4 percent over event days encompassing both the day of the announcement and the first trading day after the announcement. Cross-sectional regressions also investigated the influence of several independent variables, such as firm-specific factors (firm size and whether it was a technology corporation), geographic factors (such as the population of the host city and whether the corporation is local), and performance factors (such as the winning percentage of the home team). Similar to the authors’ 2005 study of official status sponsorships, the study found that high technology firms experienced more positive returns than those in other industries. Local firms received larger returns, while the length of the contract and the performance of the team were also significant predictors of positive returns. While the local firms sponsoring a facility in its home market provides increased opportunities for agency conflicts (Jensen & Meckling, 1976), the results indicated that investors are more bullish about investments made within the firm’s own community, perhaps due to the potential for increased goodwill or given an increased likelihood of ease in implementation and activation of the sponsorship.

Meanwhile, the study by Leeds et al. (2007) was notable in that the authors focused on individual firms (rather than the overall average) and on a more long-term impact of the announcement, studying sponsorships initiated from 1990-2004 (given that most naming rights agreements are long-term in nature). Among the sponsorships analyzed were those
with facilities that hosted 16 MLB, NFL and NBA teams and 19 NBA franchises. The study found, consistent with most other studies, that while some short term effects on the day of the announcement are positive and significant, there were no long-term cumulative effects.

Recently, Mazodier and Rezaee (2013) utilized a database of nearly 300 different types of sponsorships from all over the world. Though the study was not longitudinal in nature (all sponsorships were from 2010), it analyzed a total of 293 sponsorships spanning not just sponsorships of sport properties but also sponsorships of events and non-profit organizations. Like the global sponsorship analysis by Cobbs et al. (2012), Mazodier and Rezaee (2013) also reported negative abnormal returns following the announcement of the sponsorships, but results for philanthropic endeavors and of events were less negatively received. Unlike other studies that focused solely on sponsorships of U.S.-based properties, the study was able to explore whether returns from U.S.-based corporations were different from those based elsewhere, finding that U.S.-based firms exhibited more negative returns than others. Several other independent and control variables were also examined, including the size of the sponsored event’s audience (local or national/international), whether the sponsorship was new or a renewal, level of sponsorship (title sponsorship or otherwise), congruence, brand size and equity, and cash flow. The study found (as stated) that commercial sponsorships were more negatively perceived that those that were philanthropic in nature, while sponsorships of events that were deemed “unique/distinctive” were also less negatively received. Elberse and Verleun (2012) extended the literature by utilizing sales as a dependent variable in an empirical investigation of the impact of
celebrity endorsers. Consistent with the literature utilizing stock price, the authors found that announcements of sponsorships of celebrities were associated with increased sales both overall and when compared to competitive brands. However, over time these short-term effects decreased.

Filis and Spais (2012) recently made an effort to better understand the firm effects of sponsorship by undertaking the first efforts to move beyond the announcement of the sponsorship, by examining the impact on stock price both before and after the sponsored event. Over a 10-year period, the research found that when compared to the pre-event period, the returns for 28 public corporations (sponsoring events such as the Olympic Games, FIFA World Cup, and the European Football Championships) changed significantly both during and after the event, though the results were largely firm and event-specific. Consistent with the theory offered by Jensen and Hsu (2011) that more valuable brands are more likely to invest heavily in sponsorship (and therefore be more likely to earn greater returns), Filis and Spais (2012) found that well-established firms (such as Coca-Cola, McDonald’s, Samsung, and Xerox) experienced increased stock returns during and after the sponsored events. This finding was also supported by the aforementioned study by Lei et al. (2010), who found that partnerships undertaken by “financially sound, well-managed firms” were received more positively by investors.

Taken as a whole, these studies of firm-related effects largely have found that while many sponsorship announcements result in positive, abnormal return immediately following the announcement, the events are not usually followed by significant, positive abnormal returns over time. As explained by Leeds et al. (2007), when cumulative
abnormal returns are not significant, it indicates that the announcement of the sponsorship did not have a positive and permanent impact on the sponsoring firm’s stock price. That leaves us with the question of whether the investment in the sponsorship is worthwhile, and whether the resulting value justifies the incremental investment. In terms of its overall, cumulative effect on stock price for the months following the announcement of the sponsorship, the answer is no. However, these studies also provide evidence that approaches other than those studies utilizing event study methodologies examining changes in shareholder value are needed to enhance decision-making at the firm level, with the goal of better understanding which types of combinations of properties and sponsoring firms result in successful, long-term partnerships.

Addressing Gaps in the Sponsorship Literature

This analysis reveals the first of several important gaps in the sponsorship literature, as these studies largely ignore the longitudinal nature of the sponsorship agreement. Mazodier and Quester (2014) noted that a longitudinal approach to sponsorship effectiveness is necessary to understand how consumer effects may evolve over time. Some of the studies examined changes in stock price for up to only 200 days (e.g., Pruitt et al., 2004) following the announcement of the sponsorship. And while a handful of studies (Clark et al., 2009; Leeds et al., 2007) examined sponsorships that were initiated over more than a 10-year period, the actual effects of those sponsorships were monitored over a short period of time following the initiation of the agreement. A handful of recent studies (Clark et al., 2009; Kruger et al., 2014; Lei et al., 2010; Mazodier & Rezaee, 2013) that have analyzed the performance of sponsorships have differentiated between longer-running
sponsorships that have been renewed vs. new partnerships. However, the results have been mixed based on the varying contexts (sponsorship properties) analyzed. Unlike other, more transactional exchanges, it has been established that marketing partnerships such as sponsorships are designed to be long-term relationships that influence metrics and consumer perceptions that are not easily impacted (such as brand equity), and rely on a continual, multi-stage process (Keller, 1993). Therefore, an analysis of sponsorship effects over, for example, a 20-day period following the initial announcement of the sponsorship, is an inadequate method with which to better understand the factors influencing the performance of sponsorship programs.

Another important limitation of these studies, resulting in a gap in the current literature, is that they all were necessarily limited to publicly-traded corporations. This leaves the inevitable question of how does academic research in sponsorship assist those who are tasked with sponsorship-related decision-making at private corporations, which include some of the world’s largest and most successful companies and brands (including U.S.-based Cargill, Mars Corporation, Nationwide Insurance, and S.C. Johnson). Further, nearly all of these studies focus solely on U.S.-based sponsorships, with only a small number examining sponsorships that are global in nature. While these studies provide a foundation in the literature for several of the variables investigated as part of these studies, including congruence, the potential for agency conflicts, shared nationality, event audience, size of corporation, and performance of the sponsored property, how these factors influence decision-making throughout the partnership are yet unknown.
Finally, a number of studies have attempted to assist marketers in the evaluation of potential sponsorships (i.e., Stotlar, 2004; Poon & Prendergast; 2006; O’Reilly & Madill, 2012) and sponsorship-related decision-making (i.e., Thjømøe, Olson, & Bronn 2002; Lee & Ross, 2012). For example, both Stotlar (2004) and O’Reilly and Madill (2012) developed conceptual models in attempts to assist firms in the evaluation of potential sponsorship properties. However, all of these studies have focused on the initiation of the partnership, and the initial selection of the property. While Farrelly (2010) interviewed sponsorship managers in an attempt to better understand the reasons why sponsorships are dissolved, the study was qualitative in nature. Therefore, no studies to date have empirically investigated factors influencing the evaluation of and decision-making relative to the later renewal of existing partnerships. In addition, each utilizes the sole perspective of the buyer (i.e., brand marketer), only one side of the sponsorship relationship.

Though it is helpful for sellers of sponsorship to understand the capability of sponsorship to affect cognitive, affective, and behavioral consumer outcomes and firm-related effects, there is a dearth of research that helps sellers of sponsorship by furthering understanding of why some sponsorships continue for decades, while others fail. Viewing sponsorships through the lens of the RM paradigm demonstrates that research is needed that assists both sides of the relationship in understanding which factors may jeopardize such partnerships. Now that the historical foundations of sponsorship of the Olympic Games, as well as the academic literature related to sponsorship have been reviewed, our attention can be turned to the methodology that will be utilized to empirically investigate the duration of such sponsorships.
Chapter 3: Methodology

Given that this study was designed to investigate sponsorship decision-making over a long period of time, it was necessary to employ a methodology that is appropriate for an empirical investigation that is longitudinal in nature. This is the case when attempting to investigate the factors that may influence the duration of global sponsorships. Event history analysis (EHA) is such a methodology. To begin, a life table analysis was utilized to describe the history of the two prominent global sponsorship programs. Then, EHA modeling approaches were utilized to investigate factors that may influence the duration of these sponsorships.

In various forms, EHA has been utilized across several academic fields and is alternatively known as survival analysis (biostatistics field), duration analysis (econometrics) and failure-time analysis (engineering; Box-Steffensmeier & Jones, 2004). It is particularly effective for longitudinal data, for two main reasons. First, it accounts for censored observations, or events for which the final duration is unknown (given that they are currently ongoing). Second, it can be utilized to analyze time-varying covariates (as opposed to time-invariant covariates, these variables change values over time; Singer & Willett, 2003). The event history analysis nomenclature is most prevalent in the fields of sociology and demography, where the durations of time periods prior to events occurring are being studied. As explained by Box-Steffensmeier and Jones (2004), EHA has been
previously utilized in the social sciences to analyze the duration of events ranging from United Nations peacekeeping missions, military interventions, the careers of members of Congress, and marriages. In their exhaustive review, Singer and Willett (2003) detailed that Cooney, Kadden, Litt, and Getter (1991) utilized the technique to examine the duration of after-care programs for alcoholics (with the event in question being a relapse to alcohol use), Bolger, Downey, Walker, and Steininger (1989) examined the duration of time before an undergraduate student ideates about suicide, while Furby, Weinrott, and Blackshaw (1989) investigated recidivism (return to prison) among sex offenders. However, despite its widespread use across several academic fields, EHA has never before been applied to analyze the duration of marketing alliances, such as sport event sponsorships.

The EHA methodology is appropriate for the study of the duration of sponsorships, given that it satisfies all of the conditions for which the technique is most appropriate. As detailed by Singer and Willett (2003), the most important consideration relative to whether EHA is an appropriate methodology concerns whether or not the duration to the event is of interest to the researcher. If the duration to a particular event (whether it is a person’s lifetime, a political career, or an individual’s imprisonment) is not of interest, a dichotomous variable indicating whether the event has occurred or not could simply be utilized to examine the influence of variables. According to Box-Steffensmeier and Jones (2004), “Moving from a focus solely on whether an event occurred to additionally considering when an event occurred can result in much greater analytical leverage on the problem at end” (p. 183).
For the purposes of this study, if the focus was solely on whether a sponsorship ended or not, EHA would not be necessary. However, this study was concerned with not only whether a sponsorship had ended or not, but in investigating its duration. Why do some sponsorships last the length of only one contract and are not renewed? Conversely, why are others renewed several times over, and continue for more than 25 years? Do factors such as the type of corporation that enters into the agreement impact the duration of its sponsorships (i.e., are some types of corporations more likely to enjoy success from sponsorships, while others are not)? These questions may be inherently of interest to corporations considering investments in global sponsorships. As stated, the duration of sponsorships is also of particular interest to sport organizations that depend on the revenue generated from sponsorships for their continued survival.

There are four additional criteria that Singer and Willett (2003) recommended for the use of EHA. The first is that the observations under analysis can occupy discrete states and can move from one state to another. Sponsorships can occupy one state (currently active) and transition to another state (they can end). Second, there is measurement of when transitions from one state to another occur. In the sponsorship context, we can research when the sponsorship began and when it ends. In the example of the Olympics, TOP sponsorships take place during four-year periods (i.e., quadrennials), during which two Olympic Games take place (one Summer Olympic Games and one Winter Olympic Games). Prior to 1994, both the Summer and Winter Olympic Games took place in the same year.
The third condition for which event history analysis is appropriate is that some observations remain in the same state during the entire period of observation (i.e., censored observations). In the Olympic context, there are several sponsorships that have yet to end. For example, Coca-Cola has been a supporter of the Olympic movement since 1928 (Choi, 2008; IOC, 2012). They were the first sponsor to sign up for the TOP sponsorship program in 1985 (Payne, 2012) and remain an Olympic sponsor to this day. Similarly, Visa agreed to join the TOP program in 1986 and remains an Olympic TOP partner (Ferrand et al., 2012). Panasonic also joined the TOP program in 1985 and has continued that support throughout all eight quadrennials through the program’s history (Ferrand et al., 2012). In addition to Coca-Cola, Visa, and Panasonic, there are seven other corporations (Atos, Dow, GE, McDonald’s, Omega, Procter & Gamble and Samsung) who are currently TOP sponsors, and are considered by the EHA nomenclature to be censored observations (as the exact duration of their sponsorships is yet unknown; Ferrand et al., 2012).

Censoring is an important consideration in EHA given that if there were no censored observations, there would be no use for the technique. If the duration of these censored events in question had already ended, one could easily measure the length of each of the durations. As detailed by Singer and Willett (2003), if EHA were not utilized to account for these censored observations, one would need to either set aside any current sponsorships that are still continuing to this day or assign the censored cases the event time they possess at the end of data collection (i.e., determine that censored sponsorships end in the present day). In the context of global sponsorship, censored observations are sponsorships that have not yet ended, and are currently ongoing. Long-standing
sponsorship relationships, such as Coca-Cola and Visa’s decades-old sponsorships of the Olympic Games (Choi, 2008; Davis, 2012) are lauded and held up as examples of successful sponsorships, illustrating the importance of incorporating these cases into the analysis (rather than omitting or truncating them).

Another condition that calls for the use of EHA is when there are explanatory variables that one believes may impact the duration of a particular event and wishes to investigate, and when these variables of interest change their values during the period of observation. These are called time-varying covariates, and they are one of the most attractive uses for EHA. A time-varying covariate that was investigated in this study was whether a corporation was publicly or privately owned. Four corporations who have been Olympic and World Cup sponsors (John Hancock, MasterCard, UPS, and Visa) were formerly privately-owned corporations that later became publicly-traded corporations.

Given that datasets investigated utilizing EHA are in the form of a person-period dataset (more on this issue later), the methodology can account for time-varying covariates.

Pitfalls to Avoid in EHA

In any study, censoring is an important threat to validity. As explained by Box-Steffensmeier and Jones (2004), censored observations are equivalent to missing data, and are prevalent in longitudinal studies. However, the influence of censored observations depends on which type of censoring they represent. In most longitudinal studies, censoring of observations occurs when the subject ends his or her participation in the study. In EHA terminology, censoring is generally considered to be either informative or noninformative, with informative censoring considered to be a serious threat to a study’s validity. The
censoring inherent in this study is considered to be noninformative, given that it is not the result of the actions of the participants in the study (Singer & Willett, 2003). It is considered noninformative given that it is reasonable to assume that any corporations who continue their sponsorships after the date of censoring are representative of all companies in the sample. If censoring were the result of a failure to continue to collect data (such as participants dropping out of the study), then this form of censoring would be considered informative. An example would be a study of alcoholics and whether they continued in their quest to remain sober. If a large number of participants in the study who dropped out due to the fact that they failed to remain sober and did not want to reveal that fact to the researcher, this would adversely affect the study’s validity. Avoiding informative censoring is perhaps the most important assumption in EHA studies (Singer & Willett, 2003). Fortunately, this is not the case for this study, helping to add to the study’s validity.

In addition to noninformative censoring, another potential threat to validity related to censoring is the presence of left-censoring. As opposed to right-censoring, which is common in any longitudinal study and EHA approaches account for quite easily, left-censoring occurs when the history prior to the first observation point is not observed (Box-Steffensmeier & Jones, 2004). Left-censored observations are assumed to have the same event times as those observations that are not left-censored, or the entire history is known. In the case of this study, left-censoring is not an issue for Olympic sponsors as the dataset under observation begins with the establishment of the TOP sponsorship program in 1985. There were no TOP sponsors prior to the program’s inception, so the study did not include any left-truncated observations. Left-censoring is also not an issue with data related to the
FIFA World Cup sponsorship program, as the 1982 World Cup was the first to feature such global sponsors.

After establishing that noninformative and left-censoring should not pose a threat to this study’s validity, other potential pitfalls that may occur when implementing EHA can now be reviewed. First, there is the issue of an observation never exiting the risk set. Unlike the application of EHA to the medical sciences (when every patient eventually dies), in some instances in social science research a large percentage of the dataset may never experience the event under investigation. An example provided by Box-Steffensmeier and Jones (2004) may include a country that never goes to war. This example poses a threat to a study’s validity, given that if a small percentage of cases actually experience the event, the analysis may not accurately investigate the actual cause of event occurrence. Fortunately, this study’s two datasets feature a large percentage of observations that have actually experienced the event under investigation (i.e., sponsorships that have ended). For the TOP program, 17 of the 27 (63%) historical TOP sponsorships have ended. Of the 41 total World Cup global sponsorships, 27 of the 41 (66%) total sponsorships have ended.

Another potential issue centers on the failure to identify repeated events and discriminate between these event types. The first instance includes situations in which there are repeated instances in which some observations experience the event, and the researcher fails to take this into account. This can affect the validity of the study, as the researcher in this example will only be studying the first (or perhaps the latest) instance of event occurrence, while ignoring other instances. Utilizing the previous example, some countries
are involved in multiple, repeated conflicts. The second issue is related not only to the presence of repeated events, but a researcher’s failure to discriminate between different types of events the subject is experiencing. In the example of a study of peacetimes and wars, events may include a stalemate, compromise, or a military triumph by either side (Box-Steffensmeier & Jones, 2004). If a researcher fails to take into account multiple events nor differentiate between various types of events, the study’s validity can be seriously compromised because collapsing multiple event types into one dichotomous variable will fail to surface potentially important, substantive information about the event occurrence of interest. The result is the researcher will fail to accurately study the root causes of the event of interest, resulting in a substantive loss of validity. In the instance of this study, the prospect of repeated events did not apply, and there was only one type of event occurrence (the sponsorship ending).

Another potential issue involves the researcher’s poor measurement of survival times. Often, given an inability to properly investigate and then reconstruct an event history, a researcher will simply “aggregate” timing in a more discrete fashion than is necessary (Box-Steffensmeier & Jones, 2004). For example, given an inability to determine the day or month in which an event occurred, a researcher will assign the event to a specific year instead. This can result in a serious loss of validity, given that time-varying covariates utilized in the study will fail to accurately measure the cause of the event occurrence. This is a potential issue in this study, given that both the Summer and Winter Olympics and World Cup events occur once every four years, resulting in highly discretized data. However, this threat is lessened given that the term of each sponsorship is for a period of 105
four years. Other sponsorships such as official sponsorships of leagues like the National Football League or Major League Baseball can take on varying lengths, as most are multi-year agreements and the duration is generally between three and five years (Cornwell et al., 2005). If in a study of such league sponsorships the duration was aggregated to five years, the validity of the study would suffer as a result. In this study, given that all sponsorships span the length of an Olympic quadrennial, we can be reasonably assured that our results based on a four-year duration of the sponsorships were valid.

Finally, the issue of the use of secondary data can also pose a threat to this study’s validity. Inherently, it is a greater challenge to accurately determine the cause of event occurrence when utilizing secondary data from a past point in time. However, Box-Steffensmeier and Jones (2004) provided several approaches for mitigating the challenges posed by the use of secondary data. First, the data was collected and compiled with the expressed intention of the use of event history modeling approaches. Throughout data collection efforts, care was taken to accurately capture the start of each event period (i.e., when the “clock” starts ticking), when the events of interest occurred, which specific events were of interest, whether there were different types of events that occurred, and the nature of any time-varying covariates to be included in the analysis. Keeping all of these potential issues in mind during data collection in preparation for EHA added greatly to the both the accuracy and validity of the study.

Modeling Approach

Attention can now be turned to which modeling technique was utilized in this investigation. As detailed by Box-Steffensmeier and Jones (2004), the Cox proportional
hazards model (Cox, 1972) is the most widely-utilized event history modeling approach. The key advantage of the Cox model is that the researcher is not required to make an *a priori* determination of the distributional form of the duration times. The form of the duration dependency is left unspecified, allowing the researcher to focus on estimates of the impact of the covariates of interest on the duration (Box-Steffensmeier & Jones, 2004). With the distributional form of the baseline hazard rate left unparameterized, the Cox model is sometimes referred to as a “semi-parametric” model. Given this advantage, the Cox model has been applied to investigate how various factors may impact the durations of all sorts of events, from earning a doctorate (Ampaw & Jaeger, 2012) to international trade disputes (Grinols, & Perrelli, 2006).

Traditionally, one of the most important factors influencing the choice of model selection is whether the data under investigation is considered to be continuous or discrete in nature. While the subjects involved in either situation are always considered to be at risk of experiencing the event, whether the data are continuous or discrete in nature refers to how finite the method for tracking time. Examples of continuous time might be the time at which a part being studied fails, which can be timed down to the second or even millisecond, or the time at which a person dies, which can be defined to the minute (i.e., time of death). Other event occurrences are measured in much more discrete terms. For example, in Singer and Willett’s (2003) analysis of teachers who leave the profession, nearly all of the teachers studied ended their employment at the end of the school year. Similarly, it is a rare occurrence for a member of the United States Congress or Senate to end his or her term prior to the next election cycle. This is the case for this exercise, as
Olympic and World Cup sponsorships are entered into for a term of four years and none of these sponsorships have ended prior to the end of their stated terms. This study’s data, analogous to terms for U.S. Senators, are highly discrete in nature.

One of the implications of having highly discretized data is that there is a great deal of ties inherent in the data (i.e., many of the sponsorships ended at the same time and have the same duration). For example, the TOP sponsorships of 3M, Bausch & Lomb, Brother, IBM, Philips, and UPS all ended after two time periods, or eight years. In addition, at the end of each four-year Olympic quadrennial, there is typically more than one sponsorship that ends, at the exact same time (the end of the year). An example is the TOP sponsorships of Manulife, Johnson & Johnson, Kodak, and Lenovo, which all ended at the end of the 2008 calendar year.

Though it is a model that was built specifically to deal with continuous time data, there are now numerous options for dealing with this so-called tied data via the Cox Model. One of the four ways in which the Cox model handles ties (the exact discrete, or partial calculation method) does treat ties as true outcomes. Rather than treating tied durations as due to imprecise measurement of time, the ties are treated as if they did occur at the same time. This makes the Cox exact discrete method equivalent to the McFadden (1973) conditional logit model or the fixed-effects logistic model, with a fixed effect for each duration.

Given the fact that there are actual tied durations in our data, the traditional approach would be to utilize the discrete-time approach modeling method rather than the Cox model. However, advances in computing that at one time forced researchers to default
to approaches other than the Cox model now allow for these more computationally intensive approaches, such as the exact discrete approach. Therefore, according to Box-Steffensmeier and Jones (2004) the most appropriate solution is the Cox model, using the exact discrete approach to account for ties. “In settings where data are highly discretized,” wrote Steffensmeier and Jones (2004), “The exact discrete approximation of the Cox model is our first recommendation” (p. 195). Given this evidence, the Cox model was utilized for this analysis, with the exact discrete method of handling tied data.

Creation of Dependent Variable

Singer and Willett (2003) established three key steps that are necessary before analyzing data utilizing EHA. These are establishing the target event, specifying the beginning of time, and agreeing on a metric for clocking time. Only after these methods are established can one move forward with the analysis of a dataset. Therefore, these initial steps will be reviewed as part of the methodology for this study. The first step in preparing a dataset for the use of EHA is to establish the target event, or the event whose occurrence is of interest to the researcher. For this study, the event was the dissolution, or end, of the sponsorship. It is important to note that given the technique’s initial application to lifetimes (where the event occurrence is death), one may assume that the event needs to inherently be an unfortunate outcome such as death, incarceration, or a relapse of alcohol or drugs. That is not always the case, as EHA has also been applied to investigate the duration of positive events, such as the birth of a child or a marriage.

The second step that must be undertaken in preparation for EHA is to specify what Singer and Willett (2003) describe as “the beginning of time” (p. 312). For clarity, Box-
Steffensmeier and Jones (2004) distinguish between “calendar time” and “clock time” (p. 8). In their example of congressional careers, the start time, or calendar time of careers of members of congress is staggered, given that some are first elected in one year and others in another year. However, while this calendar time can be different (e.g., one politician’s congressional career begins in 1992, while another begins in 1994), their “clock time” all begins at the same time, the year of the first election. Similarly, in our analysis of TOP sponsorships, Coca-Cola’s sponsorship began at the beginning of TOP I (1985-88), McDonald’s began in TOP IV (1997-2000) and Dow’s began in TOP VII (2009-12; Ferrand et al., 2012). Therefore, based on the calendar their starting times are all different. However, their clock time all began at the same time, at the beginning of each sponsorship’s first quadrennial. For Olympic and World Cup sponsorships, it is possible to research the first event for which the corporation is a sponsor, and establish the beginning of the duration of the sponsorship accordingly.

The third step in the process as described by Singer and Willett (2003) is to agree upon a metric for clocking time, or the scale for which time is measured. This time metric can be continuous (such as seconds or hours), or more discrete (such as in the example of years), as EHA is robust to any potential measure of time. For sponsorships, the metric of time to be utilized in this study was the duration of each sponsorship, which as stated is a period of four years. Though considered a long metric for time when compared to days or months, this approach is analogous to political scientists who utilize a time metric of two years to study the duration of members of Congress or six years for members of the Senate (e.g., Box-Steffensmeier & Jones, 1997). For the most part, these politicians are elected at
the beginning of each term and serve for the complete duration of their elected service. Similarly, in all but the rarest of circumstances for global sponsorships of the Olympics and World Cup, the duration of the sponsorship begins at the start of the four-year quadrennial and continues until the end of the quadrennial. The sponsorship then either ends or is renewed. As pointed out by Hill (1996), Olympic etiquette dictates that negotiations for sponsorships for future TOP quadrennials are not permitted to begin until the current period is concluded. This requirement has been relaxed somewhat in recent years, as Coca-Cola, Procter & Gamble and Dow, for example, have been permitted to make commitments for multiple quadrennials in current TOP contracts (Mickle, 2014b). However, despite this recent development, the four-year quadrennial remains as an accurate and reliable time metric for Olympic and World Cup sponsorships.

To illustrate how this time metric is applied to sponsorships, for the three TOP sponsors who have participated in the program since its inception (Coca-Cola, Panasonic, and Visa), their sponsorships have continued for a total of eight quadrennials through the 2014 Winter Olympics (thus, their total duration is eight). Similarly, Coca-Cola has been a sponsor of the FIFA World Cup since 1979, spanning a total of nine World Cup events (a total time of nine) through the 2014 event. Conversely, for TOP sponsors such as Johnson & Johnson and Lenovo (whose sponsorships only lasted one quadrennial and were never renewed), the total duration of their sponsorship is only one period (total of four years). The various durations included in our dataset are illustrated by Figure 4, adapted from Box-Steffensmeier and Jones’ (1997) illustration of the time until the adoption of legislation by state governments.
Figure 4 features the durations of seven different North American-based corporations who have engaged in TOP sponsorships, with the names of each corporation indicated underneath its duration at the time of this study. The figure depicts three different types of companies and sponsorships. First, there are those that have experienced the event, such as Xerox (which experienced the event after three time periods) and Kodak (which experienced the event after six time periods). Second, there are those companies who have not yet experienced the event, but the duration of their sponsorships does not span the entire lifetime of the sponsorship program. Examples are Proctor & Gamble, whose sponsorship continues to this day and has spanned two time periods, and McDonald’s, whose TOP sponsorship has spanned five time periods. Lastly, there are two examples illustrated in the figure whose sponsorship is censored (continues to this day) and has spanned the entire lifetime of the program, dating back to 1985. These examples are Visa and Coca-Cola, the longest continuous sponsor of the Olympic movement (IOC, 2012).

Now that the study’s event occurrence of interest has been confirmed, the beginning of time has been specified, and the metric for keeping time has been established, the construction of the appropriate person-period datasets for use in the study for TOP and FIFA World Cup sponsors began. In EHA parlance, a person-period data set involves creating a separate record for each time period when the individual (or in this case, corporation) is at risk for experiencing the event (i.e., dissolution of the sponsorship). For example, since Coca-Cola has been a TOP Olympic sponsor for the past eight quadrennials (dating back to 1985 and through 2014), its record in the data set will have eight rows (eight time periods). Each row specifies a different and distinct time period, while the data
set can grow width-wise as new variables are compiled. In contrast, for corporations whose TOP sponsorships only spanned one quadrennial from 2005-08 (i.e., Johnson & Johnson and Lenovo), their data is entirely contained in one row given that their sponsorship only lasted for one time period (which in the case of this study is one quadrennial, or four years).

Note: Each unit represents a time period, with □ denoting the occurrence of the event and ○ denoting the nonoccurrence of the event.

Utilizing this approach, a person-period data set for the complete history of all TOP sponsorships dating back to the initiation of the program in 1985 was constructed. This analysis revealed that the program has encompassed 27 different sponsorships over eight quadrennials (Ferrand et al., 2012; Hill, 1996; IOC, 2012; Payne, 2012; Preuss, 2004). Once the duration of each sponsorship was compiled, this equated to a total of 86 person-period observations. A history of each corporation that has participated in the TOP program, including the duration of each sponsorship and years of participation, is detailed in Table 1. The same approach was then utilized to reconstruct the history of FIFA World Cup sponsorships dating back to 1979. According to FIFA (2013), the FIFA World Cup sponsorship program has included a total of 41 sponsorships over the past nine World Cup events, for a total of 112 person-period observations (FIFA, 2013). A history of each corporation that has served as either a FIFA Global Partner or World Cup sponsor is included in Table 2. The data related to the history of both sponsorship programs, as well as the variables investigated as part of this study, was current as of the end of the 2014 Winter Olympics and the 2014 FIFA World Cup in February and July of 2014, respectively.

Given that the complete history of the TOP sponsorship program has included 27 corporations, and 39 corporations have participated in the World Cup sponsorship program since 1979, it is not unreasonable to question the size of these two samples. However, for the purposes of EHA, of greater concern than the size of the sample is whether the sample to be analyzed is representative of the population it was derived from, and whether the data are longitudinal in nature. Further, numerous EHA studies have had similar sample sizes.
For example, in their analysis of the durations of United Nations (U.N.) peacekeeping missions, Box-Steffensmeier and Jones’ (2004) dataset consisted of 54 total missions. However, this sample of 54 was the complete history of all U.N. peacekeeping missions from 1945-2001, so it was reflective of the total population.

Similarly, in an analysis of states’ adoption of a particular type of legislation, the dataset consisted of a total of 50 observations (Box-Steffensmeier & Jones, 2004). However, since there are only 50 states, this dataset represents the entire population. In an analysis of presidential primaries, the same authors utilized a dataset of 47 observations, representing every presidential primary from 1980-1996 (Box-Steffensmeier & Jones, 2004). In their study of alcoholics, Cooney et al. (1991) analyzed a sample of 89 alcoholics over a period of two years. Given that our samples of global sponsorships reflected the complete history of the TOP program (spanning 29 years) and World Cup global sponsorships since 1979 (a 35-year history), we can be reasonably assured that our data are both representative of the population of Olympic and World Cup sponsorships and are adequately longitudinal in nature.

The next step in data compilation for EHA was to construct the censoring indicator, by indicating both if and when each corporation had experienced the target event (the end of the sponsorship). Therefore, a dichotomous variable (0 = Not Ended, 1 = Ended) indicating whether the sponsorship ended or was censored (i.e., still ongoing) by the end of each four-year period was compiled. There are 10 corporations who are currently still active in the TOP sponsorship program (as of the 2014 Winter Olympics), which resulted
in a total of 17 of the 86 person-period observations indicating that they have experienced the event (given that there are 17 sponsorships which have ended).

Table 1.

**History of Olympic (TOP) Sponsors (1985-2014)**

<table>
<thead>
<tr>
<th>Corporation</th>
<th>Years</th>
<th>Duration</th>
<th>Product Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>3M</td>
<td>1985-92</td>
<td>2</td>
<td>Office Material</td>
</tr>
<tr>
<td>Acer</td>
<td>2009-12</td>
<td>1</td>
<td>Computer</td>
</tr>
<tr>
<td>Atos*</td>
<td>2001-16</td>
<td>4</td>
<td>Information Technology</td>
</tr>
<tr>
<td>Bausch &amp; Lomb</td>
<td>1989-96</td>
<td>2</td>
<td>Optical Products</td>
</tr>
<tr>
<td>Brother</td>
<td>1985-92</td>
<td>2</td>
<td>Typewriters</td>
</tr>
<tr>
<td>Coca-Cola*</td>
<td>1985-2016</td>
<td>8</td>
<td>Non-Alcoholic Beverages</td>
</tr>
<tr>
<td>Dow*</td>
<td>2009-16</td>
<td>2</td>
<td>Official Chemistry Company</td>
</tr>
<tr>
<td>FedEx</td>
<td>1985-88</td>
<td>1</td>
<td>Express Mail/Package Delivery</td>
</tr>
<tr>
<td>GE*</td>
<td>2005-16</td>
<td>3</td>
<td>See Below</td>
</tr>
<tr>
<td>IBM</td>
<td>1993-2000</td>
<td>2</td>
<td>Information Technology</td>
</tr>
<tr>
<td>John Hancock</td>
<td>1993-2008</td>
<td>4</td>
<td>Life Insurance</td>
</tr>
<tr>
<td>Johnson &amp; Johnson</td>
<td>2005-08</td>
<td>1</td>
<td>Health Care</td>
</tr>
<tr>
<td>Kodak</td>
<td>1985-2008</td>
<td>6</td>
<td>Film/Imaging</td>
</tr>
<tr>
<td>Lenovo</td>
<td>2005-08</td>
<td>1</td>
<td>Computer</td>
</tr>
<tr>
<td>Mars</td>
<td>1989-92</td>
<td>1</td>
<td>Snacks</td>
</tr>
<tr>
<td>McDonald’s*</td>
<td>1997-2016</td>
<td>5</td>
<td>Retail Food Services</td>
</tr>
<tr>
<td>Omega*</td>
<td>2001-16</td>
<td>4</td>
<td>Timing, Scoring &amp; Venue Results Services</td>
</tr>
<tr>
<td>Panasonic*</td>
<td>1985-2016</td>
<td>8</td>
<td>TV/Audio/Video Equipment</td>
</tr>
<tr>
<td>Philips</td>
<td>1985-92</td>
<td>2</td>
<td>Lighting</td>
</tr>
<tr>
<td>Procter &amp; Gamble*</td>
<td>2009-16</td>
<td>2</td>
<td>Personal Care/Household Products</td>
</tr>
<tr>
<td>Ricoh</td>
<td>1989-92</td>
<td>1</td>
<td>Document Processing</td>
</tr>
<tr>
<td>Samsung*</td>
<td>1997-2016</td>
<td>5</td>
<td>Wireless Communication Equipment</td>
</tr>
<tr>
<td>Time, Inc.</td>
<td>1985-2004</td>
<td>5</td>
<td>Publications</td>
</tr>
<tr>
<td>UPS</td>
<td>1993-2000</td>
<td>2</td>
<td>Express Mail/Package Delivery</td>
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<tr>
<td>U.S. Postal Service</td>
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<tr>
<td>Visa*</td>
<td>1985-2016</td>
<td>8</td>
<td>Payment Services</td>
</tr>
<tr>
<td>Xerox</td>
<td>1993-2004</td>
<td>3</td>
<td>Document Processing</td>
</tr>
</tbody>
</table>

* Denotes sponsorships currently ongoing (i.e., censored)
Note: GE’s exclusive product or service categories are Energy Generation Systems, Energy Distribution Systems, Healthcare: Diagnostic Imaging, Monitoring and Electronic Medical Records Technology, Lighting Fixtures & Systems, Aircraft Engines, Rail Transportation, Water Treatment Facilities & Services, Equipment & Transportation Management (IOC, 2012)
Table 2.
*History of FIFA Partners/World Cup Sponsors (1979-2014)*

<table>
<thead>
<tr>
<th>Corporation</th>
<th>Years</th>
<th>Duration</th>
<th>Product Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adidas*</td>
<td>1995-14</td>
<td>5</td>
<td>Athletic Apparel</td>
</tr>
<tr>
<td>Alfa Romeo</td>
<td>1987-90</td>
<td>1</td>
<td>Automobile</td>
</tr>
<tr>
<td>Anheuser-Busch</td>
<td>1983-90</td>
<td>2</td>
<td>Malt Beverages</td>
</tr>
<tr>
<td>Anheuser-Busch*</td>
<td>1995-2014</td>
<td>5</td>
<td>Malt Beverages</td>
</tr>
<tr>
<td>Avaya</td>
<td>1999-2006</td>
<td>2</td>
<td>Information Technology</td>
</tr>
<tr>
<td>Bata</td>
<td>1983-86</td>
<td>1</td>
<td>Footwear</td>
</tr>
<tr>
<td>Canon</td>
<td>1979-98</td>
<td>5</td>
<td>Photographic/Photocopying</td>
</tr>
<tr>
<td>Castrol*</td>
<td>2007-14</td>
<td>2</td>
<td>Lubricants</td>
</tr>
<tr>
<td>Cinzano</td>
<td>1983-86</td>
<td>1</td>
<td>Alcoholic Beverages</td>
</tr>
<tr>
<td>Coca-Cola*</td>
<td>1979-2014</td>
<td>9</td>
<td>Non-Alcoholic Beverages</td>
</tr>
<tr>
<td>Continental*</td>
<td>2003-14</td>
<td>3</td>
<td>Tires</td>
</tr>
<tr>
<td>Deutsche Telecom</td>
<td>2003-06</td>
<td>1</td>
<td>Telecommunications</td>
</tr>
<tr>
<td>Emirates*</td>
<td>2003-14</td>
<td>3</td>
<td>Airlines</td>
</tr>
<tr>
<td>Energizer</td>
<td>1991-94</td>
<td>1</td>
<td>Batteries</td>
</tr>
<tr>
<td>Fuji Xerox</td>
<td>1999-02</td>
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<td>Gillette</td>
<td>1979-2006</td>
<td>7</td>
<td>Personal Care</td>
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<tr>
<td>Hyundai-Kia*</td>
<td>1999-2014</td>
<td>4</td>
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</tr>
<tr>
<td>Iveco</td>
<td>1979-82</td>
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<td>Manufacturing</td>
</tr>
<tr>
<td>Johnson &amp; Johnson*</td>
<td>2011-14</td>
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<td>Healthcare</td>
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<td>1979-2002</td>
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<tr>
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</tr>
<tr>
<td>Mars</td>
<td>1987-98</td>
<td>3</td>
<td>Confections</td>
</tr>
<tr>
<td>MasterCard</td>
<td>1991-2006</td>
<td>4</td>
<td>Payment Systems</td>
</tr>
<tr>
<td>McDonald’s*</td>
<td>1991-2014</td>
<td>6</td>
<td>Restaurant</td>
</tr>
<tr>
<td>Metaxa</td>
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<tr>
<td>MTN</td>
<td>2007-10</td>
<td>1</td>
<td>Telecommunications</td>
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<tr>
<td>Oi*</td>
<td>2011-14</td>
<td>1</td>
<td>Telecommunications</td>
</tr>
<tr>
<td>Opel</td>
<td>1983-86</td>
<td>1</td>
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<td>RJ Reynolds</td>
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<td>Satyam</td>
<td>2007-10</td>
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<td>Information Technology</td>
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<td>Seara*</td>
<td>2010-14</td>
<td>2</td>
<td>Uncooked Meat &amp; Frozen Food</td>
</tr>
<tr>
<td>Seiko</td>
<td>1979-86</td>
<td>2</td>
<td>Timekeeping</td>
</tr>
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<td>2007-14</td>
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<td>Payment Services</td>
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<td>Yahoo!</td>
<td>1999-2006</td>
<td>2</td>
<td>Information Technology</td>
</tr>
<tr>
<td>Yingli Solar*</td>
<td>2010-14</td>
<td>2</td>
<td>Renewable Energy</td>
</tr>
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For the FIFA World Cup sponsorship program, a total of 14 corporations are currently sponsors of the 2014 World Cup, including 6 FIFA Partners (Adidas, Coca-Cola, Emirates, Hyundai-Kia Motors, Sony and Visa) and 8 FIFA World Cup sponsors (Anheuser-Busch, Castrol, Continental, Johnson & Johnson, McDonald’s, Oi, Seara, and Yingli Solar). Given that there are 14 current (censored) sponsorships out of a total of 41 sponsorships, this exercise resulted in a total of 85 person-period observations in which the event had been experienced (27 in which it has not).

There were two corporations who previously served as sponsors of the FIFA World Cup, ended the sponsorship, and at a later time decided to once again sponsor the event. This rare occurrence has never occurred in the history of the TOP program. These two companies are Anheuser-Busch, who sponsored both the 1986 and 1990 World Cups before deciding not to sponsor the 1994 event (FIFA, 2013). They later chose to become a sponsor again for the 2002 event and have remained a sponsor ever since, sponsoring the past five events through 2014. The second is Opel. The Italy-based automobile manufacturer sponsored the 1986 event in Mexico, but chose not to sponsor the 1990 event in Italy. The company later chose to become a sponsor again for the 1994 event in the U.S. and continued as sponsor through the 1998 event in France. Given that in both of these instances the sponsorship ended (the corporation decided not continue the sponsorship) and then later began a number of years later, though these sponsorships were undertaken by the same corporation, each were treated as different sponsorships of distinct durations.

It is interesting to note that there have been a total of six corporations who have served as both a member of the TOP Olympic sponsorship program and also served as a
FIFA Partner or World Cup sponsor. As stated previously, Coca-Cola has been a member of the TOP program since its inception and has also been a FIFA World Cup sponsor since 1979. Visa has also been a member of the TOP program since its first iteration (TOP I) and became a FIFA sponsor in 2007, while McDonald’s joined the fourth TOP program (TOP IV, which spanned the 1998 Winter and 2000 Summer Olympic Games) and has sponsored the past six World Cups (starting with the 1994 event). Johnson & Johnson was a member of TOP VI (which included sponsorships of the 2006 Winter and 2008 Summer Olympic Games) and has sponsored the past two World Cups in 2010 and 2014. The confectionary Mars was a past sponsor of both events, participating in TOP II (which included the 1992 Winter and Summer Olympic Games) and sponsoring the 1990, 1994 and 1998 World Cups. Dutch-based consumer electronics manufacturer Philips participated in TOP I and II (in the lighting category), as well as sponsored six World Cups, beginning with the 1986 through the 2006 events.

Operationalization of Independent Variables

Now that the key dependent variables of duration and the event occurrence of interest were operationalized, a discussion of the independent variables to be investigated could begin. First, the potential influence of economic conditions in the home country of the sponsor, as well as global economic conditions, were assessed during each sponsorship period utilizing several variables. These included both growth in GDP and growth in inflation (as reflected by the consumer price index) during each sponsorship period. Gross Domestic Product (GDP) is an accepted measure of economic growth on a global and domestic basis (e.g., Barro, 1991; Levine & Zervos, 1998), and is universally available for
all leading global economies. To assess trends related to GDP in each sponsor’s home
country and globally during the term of the partnership, the cumulative annual growth rate
(CAGR) in GDP for each four-year period was computed on both a global and per country
basis. Utilizing CAGR helps to best capture the overall trend in the economy from the
beginning of the sponsorship period to the end.

Data related to inflationary growth in both each sponsor’s country and globally was
investigated utilizing The World Bank’s inflation dataset (The World Bank, 2014). The
World Bank’s inflation data is measured by the consumer price index, “reflecting the
annual percentage change in the cost to the average consumer of acquiring a basket of
goods and services that may be fixed or changed at specified intervals” (The World Bank,
2014, p. 1). The Consumer Price Index (CPI) is a universally accepted metric utilized to
measure changes in prices, or inflation, and is crucial to almost any economic issue
(Boskin, Dulberger, Gordon, Griliches, & Jorgenson, 1998). Given that CAGR cannot be
computed utilizing negative numbers, the average annual growth rate (AAGR) in the
consumer price index over the four-year period of the sponsorship was computed.

These data were collected on an annual basis globally and for every home country
of Olympic and World Cup sponsors, which included Brazil, China, India, France,
Germany, Japan, the Netherlands, South Africa, South Korea, Switzerland, the United Arab
Emirates (UAE), and the U.S. Despite the prevalence of issues related to missing data for
GDP for developing or small economies (i.e., Gleditsch, 2002), given that all sponsors have
hailed from larger economies, data were available for each from The World Bank’s online

To investigate the potential influence of agency conflicts, several variables that attempt to reflect this factor were compiled. First, the potential for the location of sponsored events to influence decision-making was investigated by creating a binary variable that indicated whether an Olympic Games or World Cup took place in the home country of the sponsor. Second, to investigate the influence of nationalism, the performance of both the Olympic and World Cup teams from the sponsor’s home country was operationalized by computing each team’s finish in the World Cup and finish in the overall Olympics medal count. The total number of medals won by each of the Olympic teams from the home countries of each TOP sponsor was tabulated for each Olympic quadrennial via Olympic.org, while FIFA has tabulated each country’s finish in each World Cup event and compiled each in its report from the 2014 World Cup (FIFA, 2014).

In terms of property-related variables, an assessment began with location-related variables. Both the total audience and the spending potential of the audience in Olympic and World Cup host countries was operationalized in variables capturing the total population and Gross Domestic Product (GDP) of each host country for every Olympic Games from 1988-2014 and World Cup from 1982-2014 (The World Bank Group, 2014). Given that it was expected that the large population base and GDP of countries such as the U.S. and China could lead to non-normal distributions, the exponential log of both variables was computed to help alleviate this concern. Historical GDP data for each Olympic host country was compiled via the U.S. Department of Agriculture’s (USDA)

Finally, the influence of a number of different sponsor-related factors were investigated. To start, the stability of corporate leadership was investigated by utilizing Dow Jones Factiva and company press releases to research any instances in which the company changed Chief Executive Officer (CEO) during each sponsor’s sponsorship term. Dow Jones Factiva includes articles from the Dow Jones and Reuters newswires and The Wall Street Journal. This is similar to the approach of Elberse and Verleun (2012), who utilized Factiva to determine the dates of sponsorship announcements. A binary variable indicating whether a change in corporate leadership occurred during the term of the sponsorship was created (1 = CHANGE, 0 = NO CHANGE). In addition, a continuous variable capturing the overall number of changes in leadership during the period of the sponsorship was also created in an attempt to capture particularly tumultuous periods in corporate leadership. Given the potential for collinearity between the binary and continuous corporate leadership variables, only one variable was utilized at any one time.

To investigate the possible role of congruence in sponsorship dissolution, the first step was to determine whether each TOP and FIFA World Cup sponsor was congruent. Utilizing the same approach as Cornwell et al. (2005), two independent judges from different institutions than the author who are experts in the sponsorship and congruence literature categorized each sponsor. The criteria utilized to make the determination for each
sponsor was the same utilized by Cornwell et al. (2005) and featured three separate criteria. The first group constituted those sponsors that had a direct connection to the sport and/or event. These included examples such as Adidas and the World Cup (Adidas produces and provides the ball that is utilized in every game) and Omega and the Olympics (Omega provides timing and scoring services for every event). The second criterion that was utilized was whether the sponsor’s products were likely to be seen or used while attending the event. Examples of such sponsors were beverages supplied by Coca-Cola or Anheuser-Busch. Finally, the third criterion was whether the sponsor’s products were “clearly consistent with an active sporting lifestyle” (Cornwell et al., 2005, p. 408). Finally, utilizing the same approach from Mazodier and Rezaee (2013), brand equity was objectively assessed by determining which of the brands in the sample had appeared on Interbrand’s ranking of the 100 best global brands. The annual ranking, which dates back to 2000, was accessed via interbrand.com.

Control Variables

In order to control for whether a corporation was privately or publicly owned, a dichotomous predictor variable was created indicating such for each TOP and World Cup sponsor. This predictor was considered time-varying, given that there have been several instances involving sponsors that were once private companies and later issued an Initial Public Offering (IPO) as part of their transition to a publicly owned corporation (e.g., John Hancock, MasterCard, UPS, and Visa). MasterCard was a privately-owned corporation before issuing an IPO in May of 2006 (Sidel, 2006), their last year as a World Cup sponsor. Visa has been a TOP sponsor since the program’s inception and became a World Cup
sponsor in 2007. They issued their IPO to initiate becoming a publicly-owned corporation in March of 2008 (Zuckerman, 2008), meaning their status changed beginning with the TOP VI program in 2009-2012 and with the 2010 FIFA World Cup in South Africa. John Hancock transitioned from a policyholder-owned mutual insurer to a publicly traded company in 2000 during their second quadrennial as an Olympic sponsor (Sidel, Francis, & Heinzl, 2003). UPS was also in its second quadrennial as a TOP sponsor in 1999 when it transitioned from a private to a public corporation (Gilpin, 1999). Given that the data were organized in the form of a person-period data set (as required by EHA), this change in status was easily accounted for.

Next, the appropriate predictors (0 = PRIVATE, 1 = PUBLIC) were inserted, indicating that during the first five TOP quadrennials (TOP I-V) Visa was considered a private corporation, and a public corporation for the past three quadrennials (TOP VI-VIII, from 2009-2016). There was one other private corporation that participated in the TOP sponsorship program: Mars, which has continued to be a fiercely private, family-owned corporation throughout its history (Brenner, 1992; Payne, 2012). For FIFA World Cup sponsorships, there have been a total of 7 sponsors (of 39 total) that during the time of their sponsorship were privately owned corporations: Castrol (which is a subsidiary of privately-owned British Petroleum), Emirates, Mars (which has participated in both sponsorship programs), the aforementioned MasterCard, Greece-based alcoholic beverage brand Metaxa, Italian publisher Vini d'Italia, and Visa. Whether the sponsoring firm was publicly-traded or not was sourced utilizing Merchant Online, a database of global business and financial information products, including U.S. and international company data and
annual reports. Any changes to the company’s status were uncovered utilizing *Dow Jones Factiva*, similar to the approach in researching any changes to corporate leadership.

Similarly, the potential influence of the location of corporate headquarters was controlled for by the creation of a binary variable that indicated whether the sponsor was headquartered in North America or elsewhere (1 = N.A.-BASED, 0 = BASED ELSEWHERE).

**Data Analysis**

As suggested by Singer & Willett (2003), this study’s analysis of data began with a life table analysis in order to more accurately depict the nature of these data. As stated previously, given the presence of censored observations (those sponsorships that have yet to end), it was not as simple as assuming that existing sponsorships ended at the present day. This analysis is intended to assist in the determination of the survivor functions, hazard rates, and median lifetimes for these two subsets of global sponsorships. As described below, these metrics are more accurate than the use of traditional measures of central tendency, and take into account censored sponsorships.

The Kaplan-Meier (1958) survivor function estimate, \( S(t_{ij}) \), is defined by Singer and Willett (2003) as the “probability that individual \( i \) will survive past time period \( j \)” (p. 334). For this to occur, the individual \( i \) cannot experience the event occurrence in the \( j \)th time interval, and survives to the end of time period \( j \). In other words, the random variable for time \( T_i \) for individual \( i \) exceeds \( j \). It is important to note that the Kaplan-Meier survivor function is not calculated simply by computing the percentage of sponsorships that survive
(or conversely, fail) during each time period, and is influenced by each previous computation. The survivor function is defined by the formula below:

\[ S(t_{ij}) = \Pr[T_i > j] \]

Though the survivor (and alternatively, the failure) function was described first, of arguably more utility than the survivor function in EHA is the hazard function, or hazard rate. The hazard rate is defined as the rate in which the duration or event ends (i.e., the event has been experienced), given that the target event or the duration has not ended prior to that particular time interval (Box-Steffensmeier, & Jones, 1997). One can easily see why furthering an understanding of the probability of a sponsorship ending during a particular time period would be very appealing for sport organizations. Given that \( T_i \) represents the time period \( T \) for individual \( i \), according to Singer and Willett (2003) the discrete-time hazard function can be represented as follows:

\[ h(t_{ij}) = \Pr[T_i = j | T_i \geq j] \]

The median lifetime is defined by Singer and Willett (2003) as “that value of \( T \) for which the value of the estimated survivor function is .5.” (p. 337). In the example of this study, the median lifetime is the point in which exactly half of the sponsorships have ended and half have survived. If EHA were not utilized to investigate the duration of sponsorships, standard estimates of central tendency, such as mean and standard deviation, would be utilized. However, how would the sponsorships whose durations were not finalized be handled? In one approach, since the final duration of censored observations (in this study, sponsorships that were currently ongoing) was yet unknown, these sponsorships of unknown duration could simply be omitted from the analysis. This was the approach
utilized by Abedi and Benkin (1987) in their analysis of the various demographic, academic, and financial variables that might influence the time for doctoral students to earn their PhD. Their sample included a total of 4,255 students who earned their doctorate between the years 1976 and 1985, and did not include any data on those students who were still currently pursuing their doctorate or students who began but failed to eventually earn their doctorate (i.e., right censored observations). In a similar time-to-degree study, Siegfried and Stock (2001) investigated 618 students who had earned their doctorates in economics. One can easily see how students who earn a doctorate may be different than those who failed to do so, and how the results of these studies are therefore biased based on the exclusion of those students who have yet to receive their doctorate (and those who never finished). In the end, Abedi and Benkin (1987) computed a mean time to doctorate of 8.7 years. It is highly likely that had the researchers computed a median (rather than mean) lifetime that accounted for the censored observations (those who are currently students or who had dropped out), the results would have been far different. It is also likely that a median lifetime (rather than the mean lifetime that Abedi and Benkin computed) is a more accurate description of the actual time it may take for a student to earn a doctorate, because it accounts for all students who begin doctoral studies (and not just those who finish).

More than 20 years later, Ampaw and Jaeger (2012) completed a study of doctoral students that incorporated EHA, taking into account the average of 43% of doctoral students who do not eventually earn their degree. This approach allowed the researchers to not just examine the factors influencing the time in which it took for students to earn their degree, but also the factors influencing whether or not they advanced to candidacy and
earned a doctorate (since their sample included both those who finished and some who did not). Among the 2,068 students in their study only 50% completed their doctoral degree, and the study found that international students, Asian students and students with research assistantships were more likely to earn their degree (Ampaw & Jaeger, 2012).

If one were to utilize the approach of Abedi and Benkin (1987) and Siegfried and Stock (2001), our dataset would be restricted to just those sponsorships that have ended (similar to their analysis of only those who completed their degree). As indicated in Table 1, if this approach were utilized to examine the length of sponsorships for the TOP program this would result in the loss of 10 of the 27 TOP historical sponsorships. For the FIFA World Cup sponsorship program, this approach would result in the omission of 14 of the 41 total sponsorships dating back to 1979 (Table 2). This approach would also result in the omission of some of the longest-running sponsorships for both properties, including Coca-Cola, Panasonic and Visa’s TOP sponsorships (which have spanned eight quadrennials thus far) and Coca-Cola’s World Cup sponsorship, which has lasted for nine consecutive World Cups. Calculating the mean lifetime of both types of sponsorships (omitting the censored observations) resulted in a length of 2.18 intervals (8.72 years) for Olympic TOP sponsorships and 2.37 intervals (9.48 years) for World Cup sponsorships.

Given that it is not wise to omit observations from a sample (in particular given this study’s smaller sample sizes), a more widely-used approach is to simply truncate the duration of censored observations at a point in time (most likely the present day). For sponsorships, this approach would involve assigning a duration for the sponsorships that are currently ongoing equal to the time they possess at the end of data collection (which for
this study is 2014). This was the approach utilized by Frank and Keith (1984) in their study of differences in the abilities of teachers who continue in the special education field for up to five years vs. those who do not. Their study simply assigned a career duration of five years for those teachers who were still teaching (i.e., censored) after the five-year period. The utilization of this approach yielded a mean lifetime of 3.19 (12.76 years) for Olympic sponsorships and 2.71 for World Cup sponsorships (10.83 years). In the subsequent results chapter, these two measures of mean lifetimes will be compared to the median lifetimes for both sponsorship programs calculated utilizing life tables.

EHA Modeling

Once the descriptive measures of both the dependent and independent variables were analyzed, attention was turned to the utilization of EHA modeling procedures. First, two important assumptions of EHA (the proportional hazards assumption and collinearity) were tested. To begin, the proportional hazards assumption was tested to ensure that the hazard functions for each of the covariates were proportional, a necessary assumption when using the Cox model. In addition, the variance inflation factor (VIF) for each variable utilized in the models was computed, to ensure that no collinearity issues existed. If collinearity issues were apparent, per the approach advocated by Stevens (2009), a data reduction strategy (such as principal components analysis, or PCA), would have been necessary.

While sequential regression methods (such as stepwise procedures) are very popular within the social sciences, they lead many researchers to conclude that they have identified the best model, when there may be better models available or several others that are just as
good (Myers, 1990). In addition, in order to test this study’s hypotheses, the potential influence of groups of variables need to be tested using a series of nested models. Therefore, a systematic, hierarchical regression procedure was utilized to determine whether each distinct set of factors (economic conditions, agency conflicts, property-related and sponsor-related factors) explained a statistically significant amount of incremental variance. The next challenge was to develop the best-fitting model that could then be utilized to generate predicted values, which in this case was predicted durations of global sponsorships (including the percentages of sponsorships that have ended after each discrete time period), as well as differentials based on different types of sponsors. A series of four different initial models were estimated in order to investigate the potential significance of the predictor variables, as well as a full model with the most attractive variables emerging from each factor. The models’ $\chi^2$ tests, as well as each model’s Akaike information criterion (AIC) and Bayesian information criterion (BIC) measures (e.g., Posada, & Buckley, 2004), were utilized to compare the influence of each factor and its ability to predict the hazard of sponsorship dissolution. The expectation was that the full model utilizing the most predictive variables from each block would display the lowest AIC and BIC, and therefore be the best-fitting model to utilize for predicted values.

Given the need to achieve requisite power, the samples of both sponsorships were pooled. This is similar to the approach of Foster, O’Reilly, Shimizu, Khosia, and Murray (2014), who utilized a pooled sample of data from three professional sport leagues in their analysis of broadcast ratings for regional sports networks. This approach resulted in a total sample of 68 different sponsorships (198 total observations). A binary variable indicating
the type of sponsorship (0 = TOP, 1 = FIFA) was constructed and introduced into the dataset, in order to determine if the hazard ratio for sponsorship dissolution differed between the two samples. The survivor function of both types of sponsorships was also graphed and reviewed to determine if significant differences exist, as well as performing a log rank test to determine if any difference in the hazard rate between the two samples was significant.

As stated earlier, given the choice of the Cox Model as the modeling approach in this exercise and the potential difference in hazard rates for the samples of TOP and FIFA sponsorships (see Figure 6), it was important to ensure that the proportional hazard assumption was met (Kleinbaum & Klein, 2005). This was a necessary step given that the Cox Model assumes that there is only one baseline hazard function for all subjects in the sample (Box-Steffensmeier & Jones, 2004). If it were determined that the proportional hazard assumption was not met, it would be necessary to stratify the baseline hazard in the model by type of sponsorship. This approach ensures that the potential for differing hazard rates of the two samples are accounted for, and allows each sponsorship to have “its own baseline hazard rate” (Box-Steffensmeier & Jones, 2004, p. 160).

The subsequent results section features the computation of the survivor and hazard functions for both Olympic and World Cup sponsorships, as well as the median lifetime for each. A hierarchical (nested) modeling approach was utilized to test each of the study’s hypotheses. A nonnested approach was then used in the development of a predictive empirical model, which was used in the generation of predicted durations for global sponsorships.
Chapter 4: Results

After person-period data sets indicating both the event durations and censoring indicators were compiled, consistent with the approach advocated by Singer and Willett (2003) an analysis of data related to the duration of Olympic and World Cup sponsorships began. The process started with the completion of life tables for each sponsorship, which led to the computation of survival (and conversely, failure) functions, hazard rates, and median lifetimes.

Construction of Life Tables

The first data analysis step in event history analysis approaches is the construction of a life table, which were constructed for both the TOP and FIFA World Cup sponsorship programs and illustrated in Tables 3 and 4. The life table includes a compilation of how many of the observations enter each time interval, how many experienced the target event during each interval (in this case, how many of the sponsorships ended), and how many were censored at the end of each time period (i.e., how many sponsorships continued beyond each time period). The life table also includes the hazard function and the survivor function for each period, and is utilized to compute the median lifetime for each sponsorship program. These functions were computed utilizing the stset and stslist commands in Stata Version 13.0.
The Survivor Function

As indicated in Table 3, there have been a total of 27 different sponsors to participate in the TOP program, with a total of seven ending after the first quadrennial (a total of 20 TOP sponsorships “survived” past the first time interval, and therefore are considered censored observations). As noted in Table 1, the TOP sponsorships that only lasted one quadrennial were held by Acer, FedEx, Johnson & Johnson, Lenovo, Mars, Ricoh, and the U.S. Postal Service. Per Table 3, the survivor function for the first interval for TOP sponsorships was 0.7407, or 74.07%. As noted in the table, the standard error for the first survivor function for TOP sponsorships was 0.0843, with a 95% confidence interval between 0.5319 and 0.8670. Conversely, the failure function, or the probability that the duration will fail, can also be computed. In this example, it was 0.2593 (with a 95% confidence interval between 0.1330 and 0.4681). Moving forward, rather than utilizing the failure function, the survivor function will be used for interpretive purposes.

As indicated in Table 3, after another four years (eight years total), 14 of the 27 TOP sponsorships survived, equating to a survivor rate of 0.5185. This result can be interpreted that throughout the history of the TOP sponsorship program 48.15% of the sponsorships ended after two quadrennials, while 51.85% continued on. A total of 11 TOP sponsorships survived past the third quadrennial, with only one (Xerox) ending at this juncture. There was one current sponsor whose sponsorship had a duration of three quadrennials (General Electric), which consequently adjusted the survivor function to 0.4753.
### Table 3.

*Life table describing duration of TOP sponsorships*

<table>
<thead>
<tr>
<th>Period</th>
<th>Time interval</th>
<th>Beginning total</th>
<th>Ended during period</th>
<th>Censored at end of period</th>
<th>Hazard function</th>
<th>Survivor function</th>
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<tr>
<td>0</td>
<td>[0, 1)</td>
<td>27</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>1.0000</td>
</tr>
<tr>
<td>1</td>
<td>[1, 2)</td>
<td>27</td>
<td>7</td>
<td>20</td>
<td>0.2593</td>
<td>0.7407</td>
</tr>
<tr>
<td>2</td>
<td>[2, 3)</td>
<td>20</td>
<td>6</td>
<td>14</td>
<td>0.3000</td>
<td>0.5185</td>
</tr>
<tr>
<td>3</td>
<td>[3, 4)</td>
<td>12</td>
<td>1</td>
<td>11</td>
<td>0.0833</td>
<td>0.4753</td>
</tr>
<tr>
<td>4</td>
<td>[4, 5)</td>
<td>10</td>
<td>1</td>
<td>9</td>
<td>0.1000</td>
<td>0.4278</td>
</tr>
<tr>
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<td>7</td>
<td>1</td>
<td>6</td>
<td>0.1429</td>
<td>0.3667</td>
</tr>
<tr>
<td>6</td>
<td>[6, 7)</td>
<td>4</td>
<td>1</td>
<td>3</td>
<td>0.2500</td>
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<tr>
<td>7</td>
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<td>0</td>
<td>3</td>
<td>0.0000</td>
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<td>0</td>
<td>3</td>
<td>0.0000</td>
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</table>

**Overall hazard rate**: 0.1977

*Note*: Survivor function is calculated over full data and evaluated at indicated times; it is not calculated from aggregates shown at left.

Interestingly, 9 of the 10 TOP sponsorships that survived past the fourth quadrennial (16 years) were renewed (for an updated survivor function of 0.4278). Of the seven sponsorships that survived five quadrennials, only one ended during that interval (Time, Inc.), while there were two current sponsorships with a duration of five quadrennials (McDonald’s and Samsung). This equated to a survivor function of 0.3667 after five intervals. Only one of the four sponsorships to have survived into the sixth interval ended at this point (Kodak), adjusting the survivor function down to 0.2750 after six quadrennials. As stated previously, there are three TOP sponsorships that were initiated at the program’s inception, have continued into the seventh and eighth quadrennial and remain active to this day (Coca-Cola, Panasonic and Visa). Thus, the final survivor function remained at 0.2750. Given the smaller sample size, the standard error for the final survivor function for TOP sponsorships increased to 0.1101 (up from 0.0843). However, as noted by Singer and Willett (2003), the research of Harris and Albert (1991) suggested that...
standard errors for sample sizes of less than 20 observations should not be trusted.

Therefore, our most reliable standard errors, and those that should be utilized to guide our analysis, were for the first two time periods in which the risk set included at least 20 observations (0.0843 and 0.0962, or under 10%).

Table 4.
*Life table describing duration of FIFA World Cup sponsorships*

<table>
<thead>
<tr>
<th>Period</th>
<th>Time interval</th>
<th>Beginning total</th>
<th>Ended during period</th>
<th>Censored at end of period</th>
<th>Hazard function</th>
<th>Survivor function</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>[0, 1)</td>
<td>41</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>1.0000</td>
</tr>
<tr>
<td>1</td>
<td>[1, 2)</td>
<td>41</td>
<td>13</td>
<td>28</td>
<td>0.3171</td>
<td>0.6829</td>
</tr>
<tr>
<td>2</td>
<td>[2, 3)</td>
<td>26</td>
<td>7</td>
<td>19</td>
<td>0.2692</td>
<td>0.4991</td>
</tr>
<tr>
<td>3</td>
<td>[3, 4)</td>
<td>14</td>
<td>1</td>
<td>13</td>
<td>0.0714</td>
<td>0.4634</td>
</tr>
<tr>
<td>4</td>
<td>[4, 5)</td>
<td>13</td>
<td>1</td>
<td>10</td>
<td>0.0909</td>
<td>0.4213</td>
</tr>
<tr>
<td>5</td>
<td>[5, 6)</td>
<td>9</td>
<td>1</td>
<td>8</td>
<td>0.1111</td>
<td>0.3745</td>
</tr>
<tr>
<td>6</td>
<td>[6, 7)</td>
<td>6</td>
<td>2</td>
<td>4</td>
<td>0.3333</td>
<td>0.2497</td>
</tr>
<tr>
<td>7</td>
<td>[7, 8)</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>0.6667</td>
<td>0.0832</td>
</tr>
<tr>
<td>8</td>
<td>[8, 9)</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0.0000</td>
<td>0.0832</td>
</tr>
<tr>
<td>9</td>
<td>[9, 10)</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0.0000</td>
<td>0.0832</td>
</tr>
</tbody>
</table>

Overall hazard rate 0.2411

Note: Survivor function is calculated over full data and evaluated at indicated times; it is not calculated from aggregates shown at left.

For World Cup sponsorships (Table 4), the survivor function began at 0.6829, given that a total of 28 of the 41 sponsorships survived past the initial event (this equated to a failure function of 0.3171, given that only 13 of the 41 sponsorships failed after only one event). The standard error for this initial time interval for World Cup sponsorships was 0.0727, with a 95% confidence interval between 0.5174 and 0.8019. After two World Cup events (eight years), an additional seven sponsorships ended, meaning that through 2 events, 20 of the initial 41 sponsorships survived (for a survivor function of 0.4991). The standard error increased to 0.0797, with a 95% confidence interval between 0.5174 and 0.8019.
0.8019. After three World Cup events, only 1 of the 14 sponsorships that continued past the third event did not get renewed (Mars’ World Cup sponsorship ended after three events). This equated to a survivor function of 0.4634 after three time intervals (or events), once the censored observations were accounted for (there were two current sponsors who had sponsored the past three World Cups: Continental and Emirates). Of the 11 World Cup sponsors to continue after 4 events, only 1 ended at this time (MasterCard), while 1 with a duration of 4 events was currently active (Hyundai-Kia). Thus, the survivor function for World Cup sponsorships after four events was 0.4213. Similarly, only one of the World Cup sponsors to continue for five consecutive events ended at that point (Canon, whose sponsorship ended after the 1998 event). There were two current sponsors who had continued as sponsors of the World Cup through five events (Adidas and Anheuser-Busch), leaving us with a survivor function of 0.3745 after five time intervals. Two of the sponsors whose sponsorship spanned six events ended at this point (JVC and Philips), while one sponsor (McDonald’s) was currently censored, equaling a survivor function of 0.2497, or 25% after six events. Two of the three sponsors whose sponsorship spanned seven events (Gillette and Fujifilm) ended at this time, reducing the survivor rate after eight intervals down to 0.0832). Only one sponsorship at this point survived (and is currently is censored), as Coca-Cola is the only current World Cup sponsor to continue for more than seven events. Therefore, the final survivor function remained at 0.0832.

These results are reflected in the graphs of the survivor functions for both sponsorship programs (Figure 5). The graph of the survivor function for TOP sponsorships (solid line) indicates a fairly steep drop through the first two time intervals (first eight
years). The function then flattens out with much smaller drops through the next several intervals, as fewer and fewer of the surviving sponsors experience the event (the end of the sponsorship). The survivor function for World Cup sponsorships is similar, with a steep drop during the first two time intervals. Note that both graphs indicate a function of approximately .50 after two intervals, consistent with the life tables. Compared to the TOP survivor function graph, the World Cup graph is much steeper, as a larger percentage of sponsorships ended by the last time interval. The Olympic graph is flatter overall, given that while there is a steep drop, particularly at the first time interval, a greater percentage of sponsorships continued through multiple time intervals.

Figure 5. Graph of survivor functions for TOP and FIFA World Cup sponsorships
The Hazard Function

The life table for TOP sponsorships (Table 3) includes the previously defined hazard function during each time interval, as well as the cumulative hazard function for the entire sample \( (H(t)) \). The hazard function for the TOP sponsorship program’s first quadrennial was 0.2593, given that 7 of 27 TOP sponsorships ended after one quadrennial. The hazard function for the second quadrennial increased to .3, given that 6 of the 20 sponsorships that survived the first time interval ended at this point. The hazard function dropped to 0.0833 in the third quadrennial as only 1 of the 12 sponsorships that had survived ended during the interval.

The hazard function in the fourth quadrennial was .1, given that in the history of the TOP sponsorship program only one ended after this interval. The function increased to 0.1429 over the next interval (with one of seven sponsorships ending) and 0.25 for quadrennial six (one of four sponsorships ending). Of utmost importance is the overall, cumulative hazard function for the entire history of the TOP sponsorship program (0.1977). This function should be interpreted as the cumulative probability (19.77%) that a TOP sponsorship ends during each quadrennial.

For FIFA World Cup sponsorships, the hazard function for the 41 sponsorships after the first event sponsored was 0.3171 (given that 13 of the 41 sponsorships ended after just one event). The hazard function decreased to 0.2692 after the second event, since only 7 of 26 sponsorships ended after two events. After three events, it dropped further to 0.0714, given that just 1 of the 14 World Cup sponsorships that spanned 3 events ended. Similarly, only 1 of 11 sponsorships that lasted 4 events ended, resulting in a hazard function.
function of 0.1111. After five events it increased to 0.333 (with two of the six sponsorships spanning five events ending), and doubled to 0.6667 after six events, as two of the three sponsorships end. Only one sponsorship continued past seven events (Coca-Cola, which has sponsored the past nine World Cups), resulting in a hazard function of 0. The cumulative hazard function for the entire sample of World Cup sponsorships from 1979-2014 was 0.2411, indicating that on average nearly one-fourth (24.11%) of all World Cup sponsorships end after each event (compared to one in five Olympic sponsorships per time period).

Now that the hazard functions for each sponsorship program and for each time period was compiled, a total hazard function for the entire pooled sample of both programs can be computed. The result is 0.2222, indicating that across both global sponsorship programs the probability that any sponsorship will end during each sponsorship term is 22.2%. The hazard rates were highest in the first two terms, 0.2941 after the first and 0.2826 after the second. It then leveled off as more sponsorships survive, reducing to 0.0769 after the third and 0.0952 after the fourth. It then became slightly higher after the fifth term (0.1250), before increasing again to 0.3000 after 24 years, and 0.3333 after 28 years.

Similar to the approach utilized by Ampaw and Jaeger (2012), it is also possible to graphically depict the hazard rate of a sponsorship ending. For Olympic sponsorships (solid line in Figure 6), the hazard rate of a TOP sponsorship ending decreases as a function of time in a fairly linear fashion. There is a slight increase in the hazard between the third and fourth time interval (between 12-16 years), and another slight increase between 16-20
years. For World Cup sponsorships (depicted by the dashed line in Figure 6), the smoothed graph of the hazard rate depicts a different story. While (similar to Olympic sponsorships), the hazard decreases over time during the first four time intervals (through the first four events sponsored over 16 years), there is a marked increase after the fourth interval. The hazard rate significantly increases after the sponsor’s first four events, and increases more than 10% through the next eight years (through 24 years), given that only one World Cup sponsor has continued its sponsorship uninterrupted through the past 35 years. As stated in the methodology section, given these potentially differing hazard functions for the two sponsorship programs, it will be necessary to ensure the proportional hazards assumption is satisfied when the two samples are pooled in the model. It is important to note that the scale on the graph is fairly truncated (from 0 to 0.5), as the smoothed hazard rates as graphed never rise above 0.3 or fall below 0.1.

The Median Lifetime

After life tables for both Olympic and World Cup sponsorships (including the survivor and hazard functions for each time interval) have been constructed, it is possible to compute the median lifetime for these sponsorship programs. As stated, the median lifetime is the point in time where exactly half of the observations have experienced the event, while half have not (Singer & Willett, 2003). The life tables that have already been constructed are necessary for this exercise. For Olympic sponsorships, the process started by examining the survivor functions in Table 3. The survivor function for the second time interval was above .5 (.5185), while the function for the third interval was below .5 (.4753).
This indicated that half of TOP sponsorships ended somewhere between the second and third time interval, or between eight and 12 years.

Figure 6. Graph of smoothed hazard functions for TOP and World Cup sponsorships

To determine the exact median lifetime, the formula provided by Miller (1981) can be utilized to linearly interpolate the exact median lifetime when a survivor function of 0.5 falls between two values of $S(t_j)$. Miller’s (1981) formula involves letting $m$ represent the last time interval in which the survivor function is above 0.5 (as indicated in Table 3, for TOP sponsorships this is interval 2), letting $\hat{S}(t_m)$ equal the survivor function in that particular interval (.5185) and letting $\hat{S}(t_{m+1})$ equal the survivor function for the next interval (.4753).
The formula is as follows:

\[ m + \left[ \frac{\hat{S}(t_m) - 0.5}{\hat{S}(t_m) - \hat{S}(t_{m+1})} \right] \left( (m + 1) - m \right) \]

Plugging the aforementioned values into the equation above resulted in a median lifetime of 2.43 for TOP Olympic sponsorships. For World Cup sponsorships, the survivor functions in Table 4 were examined, and it was evident that the function for the second time interval was very close to 0.5 (0.4991). Utilizing the formula above, the median lifetime for World Cup sponsorships was predictably nearly 2, 1.99. Therefore, the median lifetimes for Olympic sponsorships were less than one half of one time interval longer than those of World Cup sponsorships, equal to a difference of 1.75 total years. The median lifetime for a pooled sample of both sponsorships was 2.16, indicating that across both programs the point at which one half of all sponsorships fail was 2.16 terms, or 8.64 years.

EHA Modeling

Now that the life table analysis was able to be utilized in the calculation of survivor functions, hazard rates, and median lifetimes for both samples of global sponsorships, EHA modeling approaches can be utilized to investigate the potential influence of various factors on the durations of these sponsorships. First, we begin by reviewing the independent variables compiled as part of the analysis and the expected influence of each (Table 5). In terms of economic conditions, it was expected that evidence of an inflationary economy (i.e., an increase in the consumer price index) on a global and local basis would result in a corresponding increase in the hazard of sponsorship dissolution. Conversely, increases in GDP (signaling a growing economy) on both a global basis and within the home country of the sponsor would result in a decrease in the hazard of the sponsorship ending.
Table 5.
Descriptive statistics for independent variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>Expected Sign</th>
<th>Measure</th>
<th>Count (%)</th>
<th>M</th>
<th>SD</th>
<th>Min, Max</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Economic Conditions</em></td>
<td></td>
<td></td>
<td>(N = 198)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Inflation AAGR</td>
<td>+</td>
<td>Cont.</td>
<td>2.85</td>
<td>2.56</td>
<td>-0.67, 22.32</td>
<td></td>
</tr>
<tr>
<td>Global Inflation AAGR</td>
<td>+</td>
<td>Cont.</td>
<td>5.67</td>
<td>2.19</td>
<td>2.74, 11.46</td>
<td></td>
</tr>
<tr>
<td>Local GDP CAGR</td>
<td>-</td>
<td>Cont.</td>
<td>2.06</td>
<td>1.40</td>
<td>-1.10, 8.98</td>
<td></td>
</tr>
<tr>
<td>Global GDP CAGR</td>
<td>-</td>
<td>Cont.</td>
<td>2.07</td>
<td>0.71</td>
<td>0.72, 2.97</td>
<td></td>
</tr>
<tr>
<td><em>Agency Conflicts</em></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Event in Home Country</td>
<td>+</td>
<td>Binary</td>
<td>38 (19.2%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Place in Event</td>
<td>-</td>
<td>Cont.</td>
<td>12.77</td>
<td>11.33</td>
<td>1, 46</td>
<td></td>
</tr>
<tr>
<td><em>Property-Related</em></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Population – Host Countries*</td>
<td>-</td>
<td>Cont.</td>
<td>18.68</td>
<td>0.85</td>
<td>17.45, 21.05</td>
<td></td>
</tr>
<tr>
<td>GDP – Host Countries*</td>
<td>-</td>
<td>Cont.</td>
<td>7.74</td>
<td>1.05</td>
<td>5.67, 9.37</td>
<td></td>
</tr>
<tr>
<td>Clutter</td>
<td>+</td>
<td>Cont.</td>
<td>11.74</td>
<td>1.82</td>
<td>9, 15</td>
<td></td>
</tr>
<tr>
<td><em>Sponsor-Related</em></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Congruence</td>
<td>-</td>
<td>Binary</td>
<td>116 (58.6%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand Equity</td>
<td>-</td>
<td>Binary</td>
<td>116 (58.6%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in CEO</td>
<td>+</td>
<td>Binary</td>
<td>94 (47.5%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in CEO</td>
<td>+</td>
<td>Cont.</td>
<td>0.55</td>
<td>0.66</td>
<td>0, 3</td>
<td></td>
</tr>
<tr>
<td>VIK</td>
<td>+</td>
<td>Binary</td>
<td>123 (62.1%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Corporation</td>
<td>Control</td>
<td>Binary</td>
<td>172 (86.9%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N. American Corporation</td>
<td>Control</td>
<td>Binary</td>
<td>104 (52.5%)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Expected sign refers to whether the variable was expected to increase or decrease the hazard rate of event occurrence. Therefore, a positive sign indicates that the variable should increase the hazard of the sponsorship ending, whereas a negative sign should decrease the hazard of the sponsorship ending.

* Exponential log of populations and GDP utilized

Sources: WorldBank.org, Dow Jones Factiva, Fifa.com, Olympic.org

The mean AAGR in inflation in the sponsor’s home country was 2.85% (SD = 2.56). The highest recorded AAGR in inflation on a per country basis was for Greece (home country of World Cup sponsor Metaxa) in the years prior to the 1982 World Cup (22.32%), while the lowest was in Japan (-0.67%), home of Fuji Film, in the years preceding the 2002 World Cup. The AAGR in global inflation averaged 5.67% (SD = 2.19). The highest was 11.46% (in the years preceding the 1982 World Cup), while the
lowest was 2.74% (prior to the 2014 FIFA World Cup). For growth in GDP, the mean CAGR in GDP on a local basis averaged 2.06% ($SD = 1.40$). The highest recorded CAGR in GDP on a per country basis in the sample was 8.98% (for China in the years preceding the 2008 Summer Olympics), while the lowest was -1.10%, for the U.K. prior to the 2010 World Cup. On a global basis, CAGR in GDP averaged 2.07% ($SD = 0.71$). The highest GDP growth in the sample was 2.97% (in the run-up before the 2006 World Cup), while the lowest was 0.72%, in the years prior to the 2014 World Cup.

To investigate the possible influence of agency conflicts, a binary variable was compiled indicating whether an event occurred on the sponsor’s home soil. There were a total of 38 instances (out of 198; 19.2%) in which an Olympics or World Cup was played in the sponsor’s home country during the term of the sponsorship. It was expected that this event may influence the sponsor to end the sponsorship, given that the event would likely not return to its home soil for quite some time. The potential influence of nationalism was investigated by creating a variable operationalizing the performance of the sponsor’s national team in the Olympics and World Cup. The final place of each sponsor’s national team in each World Cup and in the Olympic medal count averaged 12.8 ($SD = 11.3$). There were many instances in which U.S.-based sponsors saw the U.S. Olympic team finish first in the medal count. In another example, Germany-based Adidas and Continental sponsored a World Cup won by the German national team in 2014.

Property-related variables included the attractiveness of event locations for sponsors and clutter (number of competing sponsors). The resources available within host countries were operationalized in variables that reflected the total population of each host country, as
well as the wealth of the populace (as measured by GDP). Given the potential for non-normality within the range of host countries (a vast disparity exists between countries such as the U.S./China and Greece/South Africa), the exponential log of both was utilized. The log of the population of the event’s host countries averaged 18.68 ($SD = 0.85$), with a range between 17.45 and 21.05. The log of the wealth of the host countries (in billions of U.S. dollars) averaged 7.74 ($SD = 1.05$), with a range of 5.66 to 9.37. To investigate the potential role of clutter on sponsorship-related decision-making, the number of sponsors participating in the TOP sponsorship program was compiled, dating back to 1985. The number of FIFA partners and World Cup sponsors was also compiled. The number of sponsors averaged 11.7 ($SD = 1.82$), and ranged from a low of 9 (for the first iteration of the TOP program) and a high of 15 (for the 2006 World Cup).

In terms of sponsor-related variables, the first challenge was to research the stability of leadership within each firm by tracking the number of changes at the Chief Executive Officer (CEO) level for each firm. The binary variable indicating whether a change in CEO occurred during the term of the sponsorship indicates that a change occurred during of 46 of the 68 total sponsorships (67.6%), representing 94 of the 198 (45.5%) total cases. The continuous variable representing the total number of leadership changes indicated that there were an average of 0.55 ($SD = 0.66$) changes in CEO during the terms of the sponsorships. There were 11 firms that had multiple changes in CEO during a sponsorship, including France-based Atos, Germany-based Continental, South Korea-based Samsung, and U.S.-based Gillette, Mars, McDonald’s, Time, Inc., Xerox.
As explained in the methodology section, two experts utilized the same criteria as Cornwell et al. (2005) to determine congruence for each of the sponsorships in the sample. The two judges agreed on 60 of the 68 sponsorships, or in 88.24% of the cases. Rather than determining rater agreement based on this measure of inter-rater reliability, as suggested by Acock (2012), the kappa \( (k) \) was utilized. The percentage agreement typically exaggerates the amount of agreement, given that it ignores the agreement that would be expected by chance (Acock, 2012). Instead, the kappa \( (k) \) provides credit for the extent in which the agreement between the two raters exceeds what would normally be achieved simply by chance (Acock, 2012). Following the approach recommended by Acock (2012), the expected agreement by chance was computed using the kap command in Stata 13.0 (52.72%). The coefficient of agreement \( (k) \) was computed and found to be 0.75 \((z = 6.21, p < .001)\), deemed by Landis and Koch (1977) to be good reliability (0.80 is considered very good). The sponsors that were disputed included those in the alcoholic beverages (i.e., spirits such as vermouth), information technology, payment services, restaurant, and wireless communication equipment categories. The disputed categories were resolved after further discussion, with the determination being made that based on their products being routinely either seen or used during the act of watching the event, sponsors in the payment services, restaurant, and wireless communication categories would be deemed congruent. For example, credit cards are oftentimes utilized to purchase concessions during the game (or tickets to the game), wireless phones are being utilized to receive information about the game, and food is being consumed at the stadium. In the end, 27 of the 68 (39.7%) sponsorships were determined to be congruent. Once the person-period dataset was
constructed, 58.6% (116 of 198) of the total cases featured a congruent sponsor-property pairing.

It was then determined whether a sponsor provided VIK products as part of the sponsorship. Through a review of sponsor websites, property publications (i.e., IOC, 2014), and company press releases, it was determined that 66.2% of cases (45 of the 68 sponsorships) involved sponsors who provided VIK products. As stated in the previous chapter, brand equity among firms was conceptualized by creating a variable that indicated whether the company has been ranked in Interbrand’s annual ranking of the 100 best global brands. Of the 60 different brands in the study, a total of 22 have appeared on the list, including some of the most valuable brands in the world (representing 58.6% of the cases). The illustrious list included U.S.-based Canon, Coca-Cola, FedEx, Gillette, IBM, McDonald’s, UPS, Visa, and Xerox. A number of firms based outside the U.S. were found on the list, including Adidas, Hyundai, Panasonic, Philips, Samsung, and Sony. In terms of the two control variables, it was determined that 31 of the 68 sponsorships (45.6%) were undertaken by firms based in North America, representing 52.3% of the cases (104 of 198). A total of 86.9% of the cases (172 of 198) involved publicly-traded corporations, while only 26 cases (13.1%) involved privately-owned firms.

Testing Assumptions

Particularly given that the Cox model was utilized, it was imperative that two critical assumptions were met: the proportional hazards assumption and collinearity. As explained in the methodology section, the Cox model assumes that the baseline hazard function is proportional throughout the sample (Box-Steffensmeier & Jones, 2004). As
explained by Kleinbaum and Klein (2005), the assumption is “the same baseline hazard for all possible patterns of…covariates” (p. 476). Particularly given that the dataset included two different samples of sponsorships, it was important to test the proportional hazards assumption to ensure it was met. The results of the test would determine whether the models needed to be stratified by the type of sponsorship. Kleinbaum and Klein (2005) provided an explanation of an objective, statistical test for the proportional hazards assumption, available via the stphtest command in Stata 13.0. The test produces a global test for the proportional hazards assumption for all covariates simultaneously, as well as for each individually (Kleinbaum & Klein, 2005). To run the test, the Schoenfeld residuals were obtained (for use in the global test), as well as the scaled Schoenfeld residuals for use in the separate tests for each covariate. The test operates by ensuring that the residuals are not correlated with survival time, with a significant correlation providing evidence that the hazard ratio is not constant over time (a violation of the assumption).

Therefore, prior to any models being tested, the proportional hazards assumption was tested on a global basis and for each covariate. The global test for all covariates at the same time was non-significant \( (\chi^2(16) = 5.03, p = 0.996) \), indicating the assumption was not violated. In addition, the test for the two different samples of sponsorships was also not significant \( (\chi^2(1) = 0.06, p = 0.808) \), indicating that the hazard ratios for TOP and FIFA sponsorships were proportional. In addition to this objective test, a plot of the scaled Schoenfeld residuals against survival time ranking was produced for the variable indicating the two types of sponsorships (Figure 7). The plot is fairly horizontal, indicating that the scaled Schoenfeld residuals were independent of survival time and the assumption was met.
Finally, as suggested by Kleinbaum and Klein (2005), a graph can be produced to determine whether the log-log survival curves are parallel for the two types of sponsorships. The Kaplan-Meier survival estimates for the two types of sponsorships (Figure 8) were fairly parallel and do not intersect, indicating the assumption was not violated. Taken together, this analysis provided ample evidence that the assumption was not violated. Consequently, it was not necessary to stratify the baseline hazard by type of sponsorship, given that the baseline hazards for both TOP and FIFA World Cup sponsorships are proportional.

Finally, the variance inflation factor (VIF) for each independent variable was computed to ensure that collinearity was not an issue. This can be completed in Stata by running a multiple regression analysis with all of the independent variables and then requesting VIFs for each. The highest VIF among all of the independent variables was 2.85, well below the threshold of 10 (Stevens, 2009). The mean VIF for all of the independent variables was 1.75, indicating that collinearity was not an issue. Given this result, a data reduction strategy was not necessary, as all of the variables could be utilized together in a series of nested models.

Hypothesis Testing

Now that evidence had been provided that the assumptions of proportional hazards and collinearity had been met, attention can be turned to testing the study’s hypotheses. As outlined in the methodology chapter, a hierarchical modeling approach utilizing a series of nested models was utilized, in order to test for the significance of groups of variables.
Figure 7. Plot of scaled Schoenfeld residuals against survival time ranking

Figure 8. Log-log Kaplan-Meier survival estimates plotted against time
representing a particular factor (such as the influence of economic conditions and agency conflicts). The results of the hierarchical modeling sequence are outlined in Table 6.

Table 6.  
Hierarchical regression results

<table>
<thead>
<tr>
<th>Predictor Variables</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model 4</th>
<th>Model 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sport (FIFA vs. TOP)</td>
<td>1.21 (.43)</td>
<td>1.41 (.59)</td>
<td>1.18 (.56)</td>
<td>1.05 (.65)</td>
<td>0.16^ (.16)</td>
</tr>
<tr>
<td>Sponsor-Related</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in CEO</td>
<td>0.79 (.25)</td>
<td>0.89 (.31)</td>
<td>0.83 (.30)</td>
<td>0.76 (.28)</td>
<td></td>
</tr>
<tr>
<td>Congruence</td>
<td>0.34* (.15)</td>
<td>0.33* (.18)</td>
<td>0.37^ (.21)</td>
<td>0.45 (.26)</td>
<td></td>
</tr>
<tr>
<td>VIK</td>
<td>1.99 (.95)</td>
<td>3.52* (2.0)</td>
<td>4.18* (2.5)</td>
<td>3.93* (.26)</td>
<td></td>
</tr>
<tr>
<td>Brand Equity</td>
<td>0.29* (.14)</td>
<td>0.20** (.11)</td>
<td>0.19** (.11)</td>
<td>0.16** (.09)</td>
<td></td>
</tr>
<tr>
<td>Public Corporation</td>
<td>1.12 (.62)</td>
<td>1.26 (.80)</td>
<td>1.47 (.94)</td>
<td>1.69 (1.14)</td>
<td></td>
</tr>
<tr>
<td>N. American Corporation</td>
<td>1.64 (.88)</td>
<td>1.57 (.99)</td>
<td>1.67 (1.08)</td>
<td>1.70 (1.18)</td>
<td></td>
</tr>
<tr>
<td>Economic Conditions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Inflation AAGR</td>
<td>1.44** (.20)</td>
<td>1.52** (.22)</td>
<td>1.64** (.28)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global Inflation AAGR</td>
<td>1.04 (.13)</td>
<td>1.05 (.13)</td>
<td>1.40* (.24)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local GDP CAGR</td>
<td>1.08 (.16)</td>
<td>1.07 (.17)</td>
<td>1.10 (.19)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global GDP CAGR</td>
<td>3.46** (1.34)</td>
<td>3.91** (1.63)</td>
<td>4.01** (1.77)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agency Conflicts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Event in Home Country</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Place in Event</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property-Related</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Population – Host Country</td>
<td></td>
<td></td>
<td></td>
<td>.61 (.23)</td>
<td></td>
</tr>
<tr>
<td>GDP – Host Country</td>
<td></td>
<td></td>
<td></td>
<td>1.08 (.46)</td>
<td></td>
</tr>
<tr>
<td>Clutter</td>
<td></td>
<td></td>
<td></td>
<td>1.95** (.48)</td>
<td></td>
</tr>
<tr>
<td>Log-likelihood</td>
<td>-87.56</td>
<td>-76.83</td>
<td>-65.52</td>
<td>-63.75</td>
<td>-59.39</td>
</tr>
<tr>
<td>Wald χ²</td>
<td>0.29</td>
<td>17.57**</td>
<td>14.88**</td>
<td>3.52</td>
<td>8.21*</td>
</tr>
</tbody>
</table>

Results from Cox model, with exact discrete approximation for handling ties.  
Coefficients expressed as hazard ratios, standard errors in parentheses.  
^ p < .10   * p < .05; ** p < .01

The base model (Model 1) included simply the binary variable indicating the type of sponsorship (TOP vs. FIFA World Cup). The coefficient for the variable was consistently nonsignificant at the α = .05 level (z = -1.83, p = .068) throughout the five models, indicating that there was not a significant effect of the type of sponsorship on the hazard rate for sponsorship dissolution. Given that the two control variables that had been
selected (public vs. private ownership and the location of corporate headquarters) were included in the block of sponsor-related variables, these variables were entered into the model next (Model 2). This ensured that these aspects of the type of sponsor were controlled for in all subsequent analyses moving forward. However, the first hypothesis to be tested was the potential influence of economic conditions. Table 7 features an overview of the study’s hypotheses and indicates whether each was supported.

Table 7.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Factor</th>
<th>Supported</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Economic Conditions</td>
<td>Yes</td>
</tr>
<tr>
<td>2.</td>
<td>Agency Conflicts</td>
<td>No</td>
</tr>
<tr>
<td>3.</td>
<td>Attractiveness of Event Locations</td>
<td>No</td>
</tr>
<tr>
<td>4.</td>
<td>Sponsorship Clutter</td>
<td>Yes</td>
</tr>
<tr>
<td>5.</td>
<td>Stability of Corporate Leadership</td>
<td>No</td>
</tr>
<tr>
<td>6.</td>
<td>Congruence</td>
<td>Yes</td>
</tr>
<tr>
<td>7.</td>
<td>Value-in-Kind</td>
<td>Yes</td>
</tr>
<tr>
<td>8.</td>
<td>Brand Equity</td>
<td>Yes</td>
</tr>
</tbody>
</table>

As outlined in the methodology section, a block of four different variables were entered into the model in step 3 (Model 3), representing economic conditions both locally (in the home country of the sponsor) and on a global basis during the term of the sponsorship. The Wald test for this block of variables was highly significant at the $\alpha = .01$ level ($\chi^2(4) = 14.88, p = 0.005$). This result provides substantial support for hypothesis 1. Throughout the five models, results indicated that inflation in the home country of the sponsor was a statistically significant predictor of sponsorship dissolution, and it was a large effect ($z = 2.91, p = .004$). The hazard ratio in Model 5 (1.64) indicated that every 1% increase in the average annual growth rate in the consumer price index in the sponsor’s home country during the term of the sponsorship increases the hazard of sponsorship dissolution.
dissolution by 64.37%. The 95% CI for the hazard ratio was between 1.17 and 2.29 (SE = 0.28). The final model (Model 5) also indicates that inflation on a global basis is a significant predictor of sponsorship dissolution (z = 2.00, p = .045). The hazard ratio for the variable (1.40) indicates that every one percent increase in the AAGR in global inflation increases the hazard of sponsorship dissolution by 40.09%. The 95% CI for the hazard ratio was 1.00 to 1.95 (SE = 0.24).

Hypothesis 2 focused on the potential impact of agency conflicts involving the presence of events in the sponsor’s home country, as well as the potential influence of nationalism (operationalized by the performance of the team from the sponsor’s home country). The Wald test for this block of variables (Model 4) was not significant ($\chi^2(2) = 3.52, p = .172$). Thus, hypothesis 2 was not supported. The binary variable indicating whether an event has taken place in the sponsor’s home country during the term of the sponsorship was in the expected direction, with a hazard ratio of 2.90 indicating that an event in the sponsor’s home country more than doubles the hazard of dissolution (increase of 190%). However, it was not significant at the $\alpha = .05$ level ($z = 1.54, p = .123$). The variable reflecting the performance of the sponsor’s Olympic or World Cup team was also nonsignificant ($z = 0.14, p = .885$).

Hypothesis 3 focused on the potential influence of the attractiveness of event locations on sponsorship dissolution. Results (Model 5) indicated that the Wald test of the block of variables reflecting the three property-related variables was significant ($\chi^2(3) = 8.21, p = .042$). However, a Wald test using only the two variables representing the log of the host country population (potential consumers) and GDP (wealth of those consumers)
was not significant ($\chi^2(2) = 0.23, p = .890$). Therefore, hypothesis 3 was not supported. However, as indicated in Model 5 in Table 6, the variable reflecting the amount of sponsorship clutter (i.e., total number of sponsors with the property) was highly significant at the $\alpha = .01$ level ($z = 2.73, p = 0.006$). The hazard ratio (1.95) indicates that every one additional sponsor added by the property increases the hazard of sponsorship dissolution by 95.44%. Therefore, hypothesis 4 related to the influence of clutter on sponsorship dissolution was supported.

The study’s final four hypotheses were focused on sponsor-related variables. Given that the sponsoring firm is usually the key decision-maker in whether a sponsorship continues or ends, it was expected that several sponsor-related variables may have a statistically significant relationship with the hazard rate of sponsorship dissolution. As expected, the Wald test for this block of variables was highly significant ($\chi^2(6) = 17.57, p = .007$). Hypothesis 5 stated that instability among the leadership of the sponsoring firm will increase the hazard of the sponsorship ending. The binary variable indicating whether or not the firm experienced a change at the CEO position ($p = 0.608$) and the continuous variable indicating the number of changes at the position for each firm ($p = .447$) were created and tested. As indicated, neither variable was significant. Thus, hypothesis 5 was not supported.

Next, the variable indicating whether the sponsor was congruent for the property was tested. Hypothesis 6 predicted that consistent with the literature related to the influence of congruence, its presence should predict a decrease in the hazard of sponsorship dissolution. As indicated in Table 6, the variable was consistently significant (four of the
five models) at the $\alpha = .05$ level. The hazard ratio (0.45) indicates that congruence decreases the hazard of the sponsorship ending by 55.46%. Therefore, hypothesis 6 was supported. Next, the influence of a sponsor’s provision of VIK products as part of the sponsorship was investigated. Hypothesis 7 stated that such a scenario should increase the hazard of sponsorship dissolution. As indicated in Table 6, the results of Model 5 indicate that the allocation of VIK product is a significant predictor ($z = 2.22, p = 0.027$). The hazard ratio in Model 5 of 3.93 indicates that the allocation of value in kind increases the hazard of sponsorship dissolution by 293%. Thus, hypothesis 7 was also supported.

The final hypothesis related to the influence of the sponsoring firm itself focused on the influence of brand equity. It was hypothesized that sponsors with a requisite level of brand equity (as reflected in a ranking among Interbrand’s 100 best global brands) should result in a reduction in the hazard of sponsorship dissolution. The brand equity variable was indeed significant at the $\alpha = .01$ level ($z = -3.10, p = 0.002$). The hazard ratio (0.16) indicates that a sponsoring firm with brand equity decreases the hazard of sponsorship dissolution by 84.24%. Therefore, hypothesis 8 was supported.

The $R^2$ measure of Model 5 in Table 6 indicates that 38.27% of the variance in sponsorship durations being predicted by the study’s factors ($F(15, 182) = 7.52, p < .001$). The final model’s $R^2$ measure is not only indicative of a well-specified model, it was remarkably similar to that of Cornwell et al. (2005) in their study of the stock prices of official status league sponsorships ($R^2 = .381$).
Predictive Modeling

The final step was the development of a predictive, yet parsimonious model that can be utilized to predict sponsorship hazard ratios, survival/failure functions, and durations. To accomplish this, rather than utilizing a sequential method (such as stepwise regression), a systematic model fitting procedure was utilized. Given the earlier finding that collinearity was not an issue among the variables, as recommended by Box-Steinofensmeier and Jones (2004) nonnested models were constructed utilizing the same groupings of variables utilized earlier in order to identify and then select the most powerful predictors across each of the factors. Once these predictors were utilized to develop a final predictive model, each model’s Akaike information criterion (AIC) and Bayesian information criterion (BIC) measures (e.g., Posada, & Buckley, 2004) were computed and analyzed to ensure that the final model was the most predictive and parsimonious model. As described by Box-Steinofensmeier and Jones (2004), the AIC rewards parsimony in models by penalizing the log-likelihood for each additional parameter that is estimated.

The first four models representing each of the previously analyzed factors (economic conditions, agency conflicts, property-related, and sponsor-related) were compiled, with each model’s AIC ranging from 164.8 to 178.9 and BIC ranging from 178.0 to 188.8. For both AIC and BIC, a lower value represents better fit. The best-fitting model was the economic conditions model (AIC = 164.8, BIC = 178.0). Consistent with prior data analysis, inflation within the home country of the sponsor (z = 2.95, p = .003) and global GDP growth (z = 2.64, p = .008) were highly significant predictors of sponsorship dissolution. The worst-fitting model was property-related, with an AIC of 178.9 and a BIC
of 188.8. Other variables across the models that were selected for use in the model included the presence of an event in the sponsor’s home country during the sponsorship \( (z = 1.71, p = .087) \), congruence \( (z = -2.36, p = .018) \), and brand equity \( (z = -2.47, p = .014) \).

Based on these results, a model was developed utilizing a total of six different variables that were all significant at the \( \alpha = .10 \) level, as well as the study’s two control variables (corporate ownership and the location of corporate headquarters). The AIC (144.3) and BIC of this full model (170.6) were both lower than the previous four, indicating that it was the best fitting, yet parsimonious model. The likelihood ratio test for the model indicated that it predicts a significant amount of the variance \( (R^2 = .259) \) in the hazard rate of sponsorship dissolution, \( (\chi^2(8) = 47.14, p < .001) \).

The model is summarized below:

\[
h_i(t) = \exp(\beta_1 \text{LOCINFLAT}_{it} + \beta_1 \text{WLDGDP}_{it} + \beta_1 \text{HSTCNTRY}_{it} + \beta_1 \text{FIT}_{it} + \beta_1 \text{VIK}_{it} + \beta_1 \text{BRNDEQUTY}_{it} + \beta_1 \text{AMERICAN}_{it} + \beta_1 \text{PUBLIC}_{it})h_0(t)
\]

As described by Box-Steffensmeier and Jones (2004), the dependent variable in the equation above specifies the hazard rate for the \( ith \) individual (or in our case, sponsorship), where \( h_0(t) \) is the baseline hazard function. One can see how the Cox model above has no constant term \( (\beta_0) \). The term is absorbed into the baseline hazard function, and therefore not directly estimated in the model (Box-Steffensmeier & Jones, 2004). As indicated above, the model included a total of six predictor variables: LOCINFLAT \( (z = 3.27, p = .001) \), WLDGDP \( (z = 3.59, p < .001) \), HSTCNTRY \( (z = 1.83, p = .068) \), FIT \( (z = -1.71, p = .088) \), VIK \( (z = 2.42, p = .015) \), and BRNDEQUTY \( (z = -2.97, p = .003) \), as well as the two control variables, AMERICAN \( (z = 0.75, p = .453) \) and PUBLIC \( (z = 0.54, p = .587) \).
that this predictive empirical model has been developed, it could be utilized to generate both predicted hazard rates and sponsorship durations.

Predicted Values

To begin, our predictive model can be utilized to create and graph smoothed hazard rates that predict the hazard rate throughout the timeframe of the sponsorship. More interestingly, variables can be utilized to create graphs that depict the differentials in the hazard function based on the various types of sponsors. Depicted in Figure 9 are a series of graphs created with the model above (Graphs A-E). The first two demonstrate the small amount of difference in the smoothed hazard function over time for the two control variables, which have only a small (and nonsignificant) impact on the rate. For the first graph (the location of corporate headquarters), the difference in the hazard function never rises above approximately 0.5, or about a 5% difference in the probability of sponsorship dissolution. For the second control variable (whether a firm is publicly or privately owned), the differential was similar and once again small, never rising above 5%.

These graphs demonstrated the small difference in the graphed hazard functions utilizing differentials based on variables that were not found to be statistically significant predictors of sponsorship dissolution. In contrast, the results were very different with predictors that were found to be significant. First, examine the differential in Graph C in Figure 9 based on whether the sponsorship was with a congruent (solid line) or incongruent (dashed line) sponsor. The difference begins at approximately 10% and increases steadily over time, rising to about 20% (i.e., a 20% increase in the hazard a sponsorship will end based on congruence).
A

Figure 9. Graphs of smoothed hazard functions featuring differentials

B

continued
Figure 9 continued

Cox Model: Congruence Differentials

![Smoothed hazard function](image1)

Cox Model: Brand Equity Differentials

![Smoothed hazard function](image2)

D continued
The differential was even greater for the brand equity variable (Graph D), which begins at a difference of about 20% and increases to around 40%. Finally, Graph E depicts the differential based on whether a sponsor provides an allocation of VIK as part of the sponsorship. Similar to the graph based on whether or not a sponsor has a high degree of brand equity, the difference in the hazard function was significant and increases over time.

In addition to graphing the hazard function, it is also possible to generate predicted values of the percentages of sponsorships that are expected to fail based on sponsor-related variables, as well as predicted failure functions. This can be achieved utilizing the findquant add-on program for Stata 13.0. Table 8 features the percentage of sponsorships
that are expected to fail (at 25%, 50%, and 75%), at various durations. Note that for TOP Olympic and FIFA World Cup sponsorships, each time period is a total of four years.

Table 8.
*Predicted sponsorship durations – Differentials*

<table>
<thead>
<tr>
<th>Percent</th>
<th>Congruence</th>
<th>Brand Equity</th>
<th>VIK</th>
<th>N.A.-Based</th>
<th>Public</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No Yes</td>
<td>No Yes</td>
<td>No</td>
<td>Yes No Yes</td>
<td>No Yes</td>
</tr>
<tr>
<td>25</td>
<td>1.56 3.73</td>
<td>1.23 4.58</td>
<td>5.05</td>
<td>1.54 3.35</td>
<td>1.85 3.55</td>
</tr>
<tr>
<td>50</td>
<td>3.78 5.53</td>
<td>2.00 5.99</td>
<td>6.42</td>
<td>3.71 5.36</td>
<td>4.59 5.45</td>
</tr>
<tr>
<td>75</td>
<td>5.37 6.86</td>
<td>4.46 N/A</td>
<td>N/A</td>
<td>5.34 6.57</td>
<td>5.76 6.73</td>
</tr>
</tbody>
</table>

Similar to the graphs, percentiles are provided for three of the significant sponsor-related predictor variables (congruence, brand equity, and VIK), as well as the two control variables, which helps to illustrate the influence of the three predictor variables. Of interest is the point at which 50% of sponsorships are expected to fail, based on the sponsor-related variables. For example, half of all sponsorships featuring incongruent sponsors are expected to last for a total of 4.29 time periods (17.16 years). For congruent sponsors, the duration jumps to 5.67 periods, or 22.68 years (a difference of more than five years). For sponsorships with high brand equity firms, 50% of those sponsorships are expected to fail at 6 time periods, or 24 years. For those sponsorships with brands that do not enjoy a high level of equity, the duration at which half of those sponsorships fail drops to just 2 time periods, or 8 years. Further discussion of the implications of these approaches will be provided in the subsequent chapter.

In addition, it is also possible to utilize the model to generate predicted failure functions at various durations (Table 9). The number of time periods (or quadrennials,
expressed in numbers of years) is indicated on the vertical axis, with the predicted failure functions generated by the model on the horizontal axis. The same variables utilized in Table 8 are once again utilized in Table 9. The influence of variables that were found to be statistically significant predictors of sponsorship dissolution is once again apparent in the predicted failure functions generated by the model. For example, focusing on the congruence variable, after 12 years (or in the example of TOP and FIFA World Cup sponsorships 3 periods) a total of 38.1% of sponsorships undertaken with incongruent sponsorships would be predicted to end, based on the model.

<table>
<thead>
<tr>
<th>Years</th>
<th>Congruence</th>
<th>Brand Equity</th>
<th>VIK</th>
<th>N.A.-Based</th>
<th>Public</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>4</td>
<td>.114</td>
<td>.050</td>
<td>.173</td>
<td>.036</td>
<td>.030</td>
</tr>
<tr>
<td>8</td>
<td>.357</td>
<td>.169</td>
<td>.501</td>
<td>.126</td>
<td>.105</td>
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<td>12</td>
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<td>16</td>
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<td>.367</td>
<td>.819</td>
<td>.283</td>
<td>.240</td>
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<td>.616</td>
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<td>.501</td>
<td>.437</td>
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<tr>
<td>28</td>
<td>.970</td>
<td>.771</td>
<td>.996</td>
<td>.658</td>
<td>.588</td>
</tr>
</tbody>
</table>

For sponsorships with congruent partners, only 18.2% would be expected to end after the same time period, a difference of 20%. With the brand equity variable, the differences were even more pronounced. After 12 years, only 14.7% of sponsorships involving high brand equity firms would be expected to fail, compared to 56% of those sponsorships with firms that do not exhibit a high level of brand equity. In contrast, the difference between corporations based in North America and elsewhere at 12 years was
only 10% (with sponsorships with foreign-based firms less likely to fail). Similarly, the difference between privately-held and publicly-traded firms was less than 8% (sponsorships with publicly-traded firms are more likely to fail). Additional implications of use of the predictive model will be discussed in the following section. The subsequent chapter discusses the theoretical and managerial implications of this research, as well as an overview of the study’s limitations and recommended areas for future research.
Chapter 5: Discussion

In reviewing this study’s results in light of the questions this study sought to answer, it is clear that both can be answered in the affirmative. There are certain conditions, such as the economy, that have the ability to jeopardize the long-term relationship between a sponsorship seller and property. In addition, it is evident that various types of sponsors have significantly different sponsorship durations, including based on the level of brand equity exhibited by the sponsor and whether or not the sponsoring brand is congruent with the property. Overall, the results reviewed in the previous chapter indicated that three of the four factors investigated as potential predictors did predict a significant amount of incremental variance in the hazard rate of sponsorship dissolution.

To begin, empirical evidence was provided that economic conditions can significantly affect the hazard of a sponsorship’s dissolution, as well as sponsor and property-related variables. After controlling for the type of sponsorship (TOP vs. FIFA) and the various sponsor-related variables, the economy was found to have a significant influence (Hypothesis 1). For example, an inflationary economy in the home country of the sponsor was found to increase the hazard of sponsorship dissolution. A 1% increase in the average annual growth rate (AAGR) in inflation during the term of the sponsorship increased the hazard of sponsorship dissolution by 64.4%. Results were similar for global inflation, with a 1% increase in the AAGR increasing the hazard of sponsorship dissolution
by 40.1%. Given that inflation is measured by The World Bank as the cost to average consumers to acquire and services, it stands to reason why an increase in inflation would make a sponsor less likely to continue the sponsorship. The prices for all goods and services within the sponsor’s country or on a global basis are rising, including marketing expenditures and costs, making it likely that a sponsor’s ability to continue to pay for such costs may become limited. Such conditions may lead to marketing budgets being adjusted downward, and making it increasingly difficult to justify such large expenditures.

In the study’s one unexpected result, an increase in GDP on a global basis (a generally accepted signal of an improving economy) was found to be a statistically significant predictor of sponsorship dissolution (as indicated in Table 6). It was expected that an improving global economy would decrease the hazard of sponsorship dissolution, as it would be easier for the sponsoring firm to rationalize the continued allocation of scarce marketing resources. Conversely, a worsening global economy (as signaled by a lack of growth in GDP), would make it more difficult for marketers to justify such expenditures, as the economic conditions could potentially decrease consumer spending and impact the firm’s financial performance. Particularly for the publicly-traded corporations that made up the vast majority of the firms in this study’s sample, perhaps an improving economy influenced decision making by leading marketing managers to believe that it was no longer necessary to continue these costly relationships. For example, it is possible that the firm’s business performance (bolstered by a growing economy) was so healthy that these expenditures were no longer necessary. Further research that investigates not only changes
in the global economy, but also changes in the financial performance of the sponsoring firm, is warranted to better understand this unexpected result.

Agency conflicts are defined as the tendency for those who own less than 100% of a business to utilize their position to realize personal gains (Clark et al., 2002). It was expected that agency conflicts may have the ability to influence sponsorship decision-making, in the form of the influence of events being held in the sponsor’s home country and the performance of the sponsor’s own national team (Hypothesis 2). Agency conflicts were not found to have a significant influence, indicating that global sponsorship managers were not allowing such conflicts influence decision-making. An event being held in the sponsor’s home country was expected to increase the hazard of sponsorship dissolution, given that it is unlikely that the event would return to the sponsor’s home country for some time (and therefore potentially limiting the manager’s ability to directly benefit from the sponsorship). The binary variable indicating the presence of an event in the sponsor’s home country was in the expected direction (increasing the hazard ratio by 189%), but it was not significant \( p = .123 \). A potential explanation for the nonsignificance of this block of variables may be that decision-makers of global sponsorships do truly take a global approach, and (as they should be) are not affected by the performance of their national team or where events are held. An alternate explanation is that given that Olympic and World Cup sponsorships are some of the most expensive in the industry, the managers are able to personally benefit from their company’s investment in the sponsorship no matter where events are held.
Similarly, the attractiveness of event locations (reflected by the number of consumers within the hosting country and the wealth of those consumers) were not found to influence sponsorship decision-making (Hypothesis 3). Again, it may be the case that global sponsors are taking a global approach to decision-making, and given that the Olympics and World Cup are truly global events, they are less concerned with the markets hosting events. The non-significant results related to the attractiveness of event locations for global sponsors were actually supported in research by O’Reilly, Heslop, and Nadeau (2011). O’Reilly et al. (2011) found that “truly global” sponsors such as Coca-Cola were not concerned with the location of mega-events such as the Olympics. The host of the event was deemed much less important than the global reach of the event itself (O’Reilly et al., 2011).

One property-related variable (sponsorship clutter) was found to be a highly significant predictor of sponsorship dissolution (Hypothesis 4). Every one sponsor added to these global sponsorship programs increased the hazard of the sponsorship ending by 95.4%. As clutter has been shown in prior research to affect the number of sponsors both recognized and recalled by consumers (Cornwell et al., 2000), it stands to reason that an increase in clutter would increase the chances a sponsorship may end.

Finally, a number of sponsor-related variables were investigated. Several aspects of the sponsoring firm that were expected to be predictive of sponsorship durations did not have an influence. These included the stability of company leadership and two control variables, the location of corporate headquarters and whether the firm was publicly or privately owned. A change in the CEO of the corporation did not influence whether the
sponsorship ended or continued (Hypothesis 5). A potential explanation is that despite the global nature of Olympic and World Cup sponsorships, such decisions never rise to the level of a CEO (and are typically handled at lower levels such as a Chief Marketing Officer or Vice President of Marketing). Alternatively, one could posit that given the long-term commitment (at least four years) and allocation of resources (tens of millions of dollars) required to support such global partnerships, a change in corporation leadership simply does not affect such long-term strategic planning processes.

The variable signifying whether the sponsor provided VIK products as part of the sponsorship was in the expected direction, as the allocation of VIK product increased the hazard of sponsorship dissolution (Hypothesis 6). As expected, there was not a difference in the sponsorship durations of corporations based on whether it was located in North America or elsewhere, nor did the company’s ownership status impact whether a sponsorship continued or dissolved (the study’s control variables). It may be that such static features of a firm that rarely change (save for the instance of an established corporation going public) simply do not accurately capture the dynamic nature of decision-making in the global sponsorship industry as well as variables that may capture change over time. It may also be that while it is helpful to control for these important aspects of the sponsoring firm, there is simply not substantial support throughout the literature for these variables to influence sponsorship decision-making.

Two static (non-time varying) variables that were found to have a significant influence and do have substantial support throughout the literature are congruence (Hypothesis 7) and brand equity (Hypothesis 8). Given the preponderance of evidence of
the role congruence plays in sponsorship, it was not surprising that congruence between the sponsoring brand and property was found to reduce the hazard of the sponsorship ending. In addition, given that brand equity is frequently a chosen objective of sponsorship-linked marketing approaches, it stands to reason that those brands with a high degree of brand equity would engage in longer-running sponsorships. This result implies that such brands are simply either more patient with such investments (given the continued efforts to nurture their more valuable brand) or that such brands are realizing more successful partnerships, based on a higher existing level of brand equity.

Theoretical Implications

While the RM framework has previously been identified as a useful lens with which to understand sponsorship (i.e., Cornwell & Maignan, 1998), there has been a dearth of research that has utilized the paradigm to understand these long-term, business-to-business relationships between the sponsoring firm and sponsored organization. Thus, this study broke new ground in its application of RM to better understand the dynamics of the business-to-business sponsorship relationship.

In addition, the study extended both the sponsorship and RM literature by identifying several factors that have the ability to jeopardize these relationships. Among the more important findings of this work is the importance that external factors can play in what can oftentimes be a delicate relationship between two partners whose goals for the relationship may be divergent. For example, empirical evidence was provided that economic conditions (such as the existence of an inflationary economy) can predict the end of such relationships. Interestingly, the influence of economic conditions was found to be
more powerful than significant changes within the sponsoring firm, such as a change in CEO or the issuance of an Initial Public Offering (IPO). Neither were found to be predictive of the end of these relationships.

Some of this study’s findings also conflicts with other research on RM. For example, in recent research Samaha, Beck, and Palmatier (2014) found that RM was more effective outside the U.S. In their country-level approach, they found that on average relationships in countries outside the U.S. (in countries such as Brazil, Russia, India, and China) were 55% more effective for increasing business performance (Samaha et al., 2014). For the global business-to-business relationships examined in this study, country-of-origin was not found to have a significant effect on this study’s success measure (duration of sponsorship). Firms based outside of North America were not found to engage in sponsorship relationships of longer durations than those based in North America, indicating that these forces and conditions may predict the end of relationships across many different cultures. This finding alone warrants future research that utilizes the RM framework as a lens with which to examine the sponsorship buyer-seller relationship.

Managerial Implications

Implications for Sellers of Sponsorship

To begin, the descriptive analysis of the study’s dependent variable, resulting in hazard rates, survivor functions, and median lifetimes, yields several interesting insights for those who are tasked with selling and managing global sponsorship programs. For example, an analysis of the hazard rates for these sponsorships (defined as the conditional probability that the sponsorship will end in any given time period) yielded several
interesting insights. The hazard rate for TOP sponsorships (.1977) and World Cup sponsorships (.2411) indicated that managers should budget and prepare for the possibility that in any given quadrennial (four-year period) that 20-25% of its partners will end the relationship. For example, World Cup organizers should prepare and budget for one-fourth of its sponsors (3 or 4 of its current 14 sponsors) to end their sponsorships during each 4-year period, based on data spanning 35 years. As the TOP sponsorship program for the current quadrennial (2012-16) includes 10 sponsors, based on this analysis the IOC should be prepared for at least 2 (and perhaps 3) of these current sponsors not renewing for the next quadrennial (2016-2020). Two sponsors failing to renew likely equates to a total loss of revenue of between $160-$200 million, illustrating the importance of increasing the accuracy with which the duration of the sponsorships is measured.

Hazard rates during specific time periods indicated that the probability of a TOP sponsorship ending was highest during the second quadrennial (.3000). After the second quadrennial, the hazard rate was reduced considerably, to .0833 during the third, .1 during the fourth (given that only 1 of 10 TOP sponsorships ended after the fourth quadrennial) and .1429 during the fifth. This result indicated that IOC managers should devote greater resources towards ensuring sponsors are reaching their stated objectives during the early years of a TOP sponsorship, if they hope to increase the chances of the relationship continuing for years to come. This analysis also demonstrated that if a sponsor can be convinced to continue on after two quadrennials, it is highly likely that they will remain a sponsor for another 8-12 years.
In contrast, for the FIFA World Cup sponsorship program, hazard rates were highest during the first quadrennial (.3171), and significantly higher than the overall rate for World Cup sponsorships (.2411). The hazard rate for World Cup sponsorships was reduced during the second quadrennial to .2692, and similar to TOP sponsorships, dropped considerably after eight years. Thus, similar to TOP sponsorships, these findings suggest that considerable resources should be devoted to ensuring that sponsors continue past the second quadrennial, as the probability of the sponsorship ending drops considerably after the first eight years. Similar to our analysis of hazard rates, the survival functions suggested that if global event organizers can shepherd a sponsor through the first two quadrennials (past eight years), it can yield a long-term, financially-rewarding relationship. Only 1 of the 12 TOP sponsorships to survive past the second quadrennial ended after the third, and only one ended after the fourth (equating to a survivor function of 0.4278 after 16 years). Survivor functions for both properties were similar after 20 years (.3667 for TOP and .3745 for FIFA), suggesting that long-term revenue forecasts should account for between one-third and 40% of sponsors continuing for 20 years.

Recall that the calculation of mean lifetimes utilizing two different approaches resulted in a longer duration for World Cup sponsorships utilizing one approach (omitting censored observations), and a longer duration for Olympic sponsorships utilizing another (truncating at present day). Further, the differences were fairly dramatic. For Olympic sponsorships, the first approach (omitting observations) yielded a duration of 2.18 time periods, while the second (truncating) resulted in 3.19. A difference of one time interval (which in the case of this study is one quadrennial, or four years) may not seem like much.
In the most recently completed Olympic quadrennial (2009-2012), the 11 TOP sponsors yielded a total of $957 million in revenue for the IOC, an average of $87 million per sponsor (IOC, 2012). Therefore, for the period of 2009-2012 this difference of one time interval in the two durations, for just one sponsor, would equate to a difference of $87 million over four years. For five sponsors (half of the current total of 10 TOP sponsors), a duration of one time interval would equate to $435 million in revenue for the IOC, and in costs for the sponsors. These figures illustrate the importance of determining the most accurate method for computing the historical lifetime for global sponsorships, for both sides of the sponsor-property relationship.

The repercussions for utilizing measures of central tendency (as well as ignoring censored observations) have also been borne out in research. For example, in their post-hoc analysis of the time in which adopted children were waiting to be placed with families, Shlonsky, Festinger, and Brookhart (2006) found that survival time estimates were accurate despite extensive censoring among both the control and treatment groups. Perhaps more importantly, the study found that mean survival times were consistently inaccurate in situations where there was substantial censoring (Shlonsky et al., 2006). The results of this study support that the superior method for calculating the true duration of global sponsorships is the median lifetime.

The median lifetime (which takes into account censored observations, or sponsorships that are currently ongoing) for Olympic TOP sponsorships and FIFA World Cup sponsorships was fairly similar (2.43 and 1.99 quadrennials). The median lifetime of the pooled sample was 2.16. Given this finding, the result of analyzing the durations of 68
different sponsorships dating back more than 30 years, it would be unwise for those in the business of managing these sponsorships programs to expect that (and more importantly, budget and forecast for) sponsorships should last beyond eight to twelve years.

In terms of the factors and conditions that may jeopardize the seller’s ability to sustain the sponsorship relationship, this study confirmed that congruence with the property and high levels of brand equity are both predictive of longer-running sponsorship durations. Consistent with prior research on the importance of congruence to sponsorships, congruent sponsors tend to engage in longer-running commitments than incongruent sponsors, a proxy for more successful partnerships. Similarly, brands with a high degree of equity are likely more patient in decision-making relative to sponsorships, as viewing sponsorship as a brand-building exercise and a way to nurture one’s brand inherently takes time. Conversely, results indicated that an allocation of VIK is predictive of shorter durations. This result leads one to assume that such sponsors view sponsorship as a transactional exchange, rather than a long-term relationship. While the inclusion of VIK has been shown to reduce costs (e.g., Jensen & Cobbs, 2014) and may help convince a sponsor to commit to an initial agreement, sponsorship properties should understand the implications of adding such sponsors. This research suggests that they should not be expected to remain long-term partners.

The managerial implications of these findings are illustrated in Table 9, which utilized the predictive model to estimate the percentage of sponsorships predicted to fail at various durations. After 20 years, only 36.7% of sponsorships with congruent brands are expected to fail, compared to 66.4% of those with incongruent sponsors. The effect of
brand equity among sponsors was even more apparent, with only 28.3% of sponsorships with high brand equity sponsors failing after 20 years, compared to 81.9% of those with brands not exhibiting a high degree of brand equity. Likewise, the effect of the allocation of VIK product resulted in 67.2% of sponsorships ending after 20 years, compared to only 24% of those sponsorships with those sponsor that did not provide VIK product. There was no difference in the durations of firms based in North America (vs. those based elsewhere), as well as between publicly-traded and private corporations. These findings provide sponsorship sales managers with the knowledge that resources should be focused on attempts to partner with certain types of firms, which may pay dividends in the form of longer-running partnerships.

The results also provided evidence that economic conditions, particularly those within the global sponsor’s home country, should be closely monitored by sponsored properties throughout the relationship. Changes in economic conditions within the country and on a global basis, such as an inflationary economy, can increase the hazard of sponsorship dissolution. Based on this result, efforts should be made to proactively communicate with sponsors who may be experiencing the effects of adverse economic conditions, before it affects decision-making.

Agency conflicts were not found to influence the hazard of sponsorship dissolution. This result indicates that the allocation of resources towards courting sponsors whose home countries have recently hosted global events would not be wise, as the location of such events does not influence the length of global partnerships. Likewise, the performance of the sponsor’s national team had no influence. Similarly, the attractiveness of the locations
of global sporting events, such as the World Cup and Olympics, had no effect. Based on these results, sellers should focus efforts on communicating the overall reach and health of their property, rather than the location of upcoming events.

Finally, while the location of events was not found to have influenced the hazard of sponsorship dissolution, the choice on behalf of the sponsoring property whether to add additional sponsors was found to be statistically significant predictor. The presence of clutter, or multiple sponsors, has been noted as a concern of global sponsors of events such as the Olympics (e.g., Séguin & O’Reilly, 2008). This study confirmed that each additional sponsor added nearly doubled the hazard of sponsorship dissolution (increase of 95.44%). Sellers of exclusive, global sponsorships should have a measure of pause before adding additional sponsors. It is apparent that sponsors of premier, global sport properties are attracted to the opportunity by its exclusive nature, and the ability to be one of only a handful of top tier sponsors. Given this, any corresponding revenue increase due to the securing of an additional sponsor should be balanced with the knowledge that the act may influence the decision-making of other sponsors.

Implications for Sponsors

A major contribution of this work is the development of an understanding of which types of firms tend to invest in longer-term global partnerships. Longer sponsorships have been shown to provide several benefits to sponsors, including moving beyond initial objectives of brand awareness to brand image (Armstrong, 1988), influencing brand equity (Cornwell et al., 2001), improved perceived fit in the minds of consumers (Olson & Thjomøe, 2011), and a stronger association between the brand and property in a
consumer’s memory (Cornwell & Humphreys, 2013). Further, given the understanding that in today’s economy sponsors would not opt to continue the relationship if it were not assisting in achieving its stated objectives, the duration of global sponsorships can be utilized as a proxy for success, in the eyes of the sponsoring firm. Congruence with the sponsored property and a high degree of brand equity were found to lead to longer durations of global marketing partnerships. As illustrated in Table 8, the model predicted that 25% of global sponsorships with incongruent sponsors are expected to last 1.6 periods (equivalent to 6.2 years for Olympic and World Cup sponsors), compared to 3.7 periods (14.9 years) for congruent sponsors. Similarly, firms with a high degree of brand equity enjoyed durations more than double those that do not. One quarter of high brand equity sponsorships were expected to last 4.6 periods (18.3 years), compared to only 1.2 periods (only 4.9 years) for brands without a high level of brand equity. The model estimated that brands that do not allocate VIK can have sponsorship durations twice as long as those that do not (25% of sponsorships with VIK sponsors estimated to end after 1.5 periods, compared to 5.1 for those who do not). There was not a statistically significant difference in the sponsorship durations of sponsors based on the location of its corporate headquarters or ownership status. As indicated in Table 8, there was only a difference of 0.81 periods (6.57 vs. 5.76) and 0.78 periods (6.73 vs. 5.95) in the duration at which 75% of all global sponsorships have ended, based on where the firm is based and whether or not it is publicly traded.

These findings provide brands either currently investing or considering investing in global sponsorships with a better understanding of the types of firms that are currently
enjoying a higher degree of success with such partnerships. It is apparent that high brand equity firms and those that feature congruence with the property are either enjoying a greater degree of success or are more patient in their decision-making relative to whether to continue these sponsorships, or both. From a conceptual standpoint, this result provides evidence that those sponsors allocating VIK see the sponsorship as a more transactional, discrete exchange of resources, rather than a long-term, mutually beneficial business-to-business partnership.

The finding that worsening economic conditions was predictive of the end of global sponsorships is also of interest to sponsoring firms. While anecdotal evidence of the economy affecting sponsorship-related decision-making has been available for years (i.e., Mickle, 2014a), this study provides the first empirical evidence that conditions such as an inflationary economy can influence whether a sponsorship continues. This provides those tasked with managing and nurturing such relationships on behalf of the sponsoring brand with the knowledge that developments in the economy should be closely monitored throughout the relationship. Adverse conditions are evidently capable of placing pressure on sponsorship budgets, leading to the dissolution of such investments.

Limitations and Future Research

Attempting to predict human behavior is an inexact science. Though this study has attempted to develop an empirical model in an effort to better understand the factors that may be predictive of the dissolution of global sponsorships, no model can predict human decision making with exact certainty. While the $R^2$ measure of the final model in Table 6 indicated that 38.3% of the variance in sponsorship durations is being predicted by the
study’s factors, there will always be a large amount of unexplained variance in any decision-making model. Additionally, there are certainly additional factors that simply cannot be measured empirically, as well as other reasons for the end (or continuance) of the sponsorship that were never publicized. For example, as enlightened earlier in the study in the case of competitors American Express and Visa (Davis, 2012) and others such as Coca-Cola and Pepsi (McKelvey, 2006), competitive battles for market share may influence decision making and cause firms to re-invest in sponsorships that may not have otherwise continued. For this reason, qualitative approaches should be utilized in the future to better understand other factors that may play a role in the dissolution of sponsorships.

Further, while the four-year length of the Olympic quadrennial has been utilized as the discrete time period of the sponsorship, it was not possible to determine exactly when the decision in question has been made. It could be the case that a decision to end (or continue) the sponsorship may have already been made well before the end of the actual sponsorship period. While prior research has isolated the exact day in which sponsorships have been announced (in order to determine the announcement’s effect on the firm’s share price), it will never be possible to isolate exactly when decision-making has occurred. However, this study’s approach of attempting to measure the overall trends of factors such as the economy from the beginning to the end of the sponsorship period may well be the best approach to isolate that factor’s impact on the future decision whether to continue or end the sponsorship.

It is also important to understand some inherent limitations of studies utilizing event history modeling. For example, while the computation of the median lifetime for these two
global sponsorship programs produced a result that captures the overall distribution of
event times while taking into account censored observations, there are limitations to this
approach. Singer and Willett (2003) identified several limitations to median lifetimes that
researchers utilizing the EHA methodology must acknowledge. First, the median lifetime is
simply an average event time. Given that it is a median value, it is also fairly insensitive to
extreme values. It is important to keep in mind that the median lifetime does not reveal
much about the distribution of the risk of event occurrence over time. Examining hazard
functions (and to a lesser extent survivor functions) is a much more effective way to
examine changes in risk over the lifetime of the sponsorship’s duration.

Perhaps most importantly, one must understand that although the median lifetime
provides information about the average lifetime, it does not inherently indicate when the
risk of experiencing the event is highest. For example, in their study of the durations of
careers of female Congresswomen, Singer and Willett (2003) utilized this approach to
determine a median lifetime of exactly 3.5 terms. However, the researchers found that the
risk for event occurrence was not particularly strong during the fourth term. In the case of
Olympic and World Cup sponsorship programs, we also found differing results. As noted
in Table 3, the hazard rate for TOP sponsorships was highest after the second time interval
(.3000). This means that TOP sponsorships have the highest probability of ending during
the second term of the sponsorship (years 4-8). However, the median lifetime for TOP
sponsorships indicated that the time period during which half of the sponsorships survived
and half failed was nearly halfway between the second and third time intervals (given the
median lifetime of 2.43 quadrennials). Further, the time interval when TOP sponsorships
have one of the lowest hazards for ending was after the third quadrennial (.0833). For FIFA World Cup sponsorships, the median lifetime of nearly 2.0 was consistent with the quadrennial in which the sponsorships were highly likely to end. As illustrated in Table 4, FIFA World Cup sponsorships were most likely to end after the first quadrennial (given a hazard rate of .3171 after the first time interval). The probability of sponsorship dissolution was reduced somewhat during the second quadrennial (.2692), but still significantly higher than in quadrennials 3-5 (years 12-20). Based on this analysis, it is evident that to view a clear picture of the history of durations, researchers must analyze not just the median lifetime, but all of the various metrics in their totality.

Costs are an important consideration for any marketer. Rising costs have been noted by brand marketers as a reason why sponsorship investments have ended. For example, it has been noted that the increased media commitment required by ESPN in its new agreement to broadcast college football bowl games was a factor in the decision by FedEx to end its title sponsorship of the Orange Bowl, a sponsorship that had lasted for 21 years (Talalay, 2010). However, for the contexts utilized by this study it was not possible to isolate the potential influence of rising costs. While the total revenue earned by the IOC for each sponsorship period (and therefore the average amount paid by each sponsor) is known, it was not known exactly how much each individual sponsor paid for each sponsorship. Future research should utilize contexts for which the amount paid by the sponsor is publicly available, so the potential influence of this important variable can be measured.
In addition, given that this study was designed to analyze the duration of sponsorships involving both publicly-owned and privately-held firms, it was not possible to analyze whether the financial performance of the firm was predictive of sponsorship dissolution for all sponsors in the two samples. The effects of several measures of firm financial performance, such as cash flow (e.g., Pruitt et al., 2004), market value (e.g., Mazodier & Rezaee, 2013), and market share (e.g., Cornwell et al., 2005) have been investigated as part of research to determine their influence on sponsorship performance (in the form of stock prices for sponsoring firms). However, these measures are simply not available for privately-held corporations. Future research should isolate subsets of sponsorship programs (such as a focus on publicly traded firms), to determine if the aforementioned measures of financial performance influence decision-making related to the continuance or dissolution of sponsorships. It is expected that positive increases in measures such as cash flow or market value should result in a decrease in the hazard for sponsorship dissolution, but this theory has yet to be tested empirically.

Despite these limitations, the future applications of the methodological approaches utilized in this study are virtually limitless. These approaches can be applied to any marketing partnership, as all have a beginning and an end. Further, these approaches also can account for sponsorships that have not yet ended. This flexibility should pave the way for this study’s methodologies to be utilized across many other contexts, including other global or national sponsorships such as official status sponsorships of sports leagues (e.g., Cornwell et al., 2005) or naming rights sponsorships of facilities (e.g., Clark et al. 2002). Given that the two contexts utilized in this initial application of EHA approaches to
sponsorship are global in nature, it is not yet known whether these results are generalizable to sponsorships of a local nature. Examining the sponsorships of individual teams, such as F1 Racing teams (e.g., Cobbs et al., 2012) or rugby teams (e.g., Kruger et al., 2014) could also help confirm the potential influence of the team’s on-field performance on the dissolution of sponsorships. Thus, this limitation of the current study reveals another important area of future research.
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185


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