The Value of Being Official: Effects of Official Sponsor Designation on Brand Recognition

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Marketing - Sponsorship (Professional Sport)  
20-minute oral presentation (including questions)  
Session: Live Q&A for Marketing 3 (Asynchronous)

“Official product” sponsorships of North American sport leagues are some of the most coveted and costly sponsorships in the industry (Cornwell, Pruitt, & Clark, 2005). They are unique in that they provide several novel opportunities for sponsors that are difficult to find elsewhere, including national brand exposure, are tied more closely to product usage than most other sponsorships, can oftentimes be paid for with value-in-kind (VIK) products that help to spotlight product benefits, and feature trade components that can be utilized for customer hospitality opportunities (Cornwell et al., 2005). Such sponsorships are usually exclusive in their product category, which prevents competitors from leveraging the same sport intellectual property (SIP) and subsequently helps to combat the negative effects of clutter (Cornwell, Weeks, & Roy, 2005).

Schema theory (Fiske & Linville, 1980) provides a useful theoretical framework that helps explain why being an “official” sponsor would assist sponsors in communicating their association with the property to the end consumer. Schema theory suggests that our mind stores memories in schemas, or categories that make it easier to recall memories in one’s subconscious. According to schema theory, the official status designation provided to such sponsors should lead to consumers being more likely to associate memories related to the sport and the sponsor together in their mental schemas. In turn, this theoretically makes it more likely for the consumer to have a positive association with the sponsor and its products.

While these benefits for sponsors have been established and are well-researched, the return on investment (ROI) for being recognized as an “official” sponsor across a wide variety of different categories and properties is still elusive, given that many studies suffer from a lack of generalizability. This study helps to fill this gap in the literature in its analysis of the effects of official status designation on brand recognition across a heterogeneous, longitudinal dataset featuring nearly 500 brand and league pairings across seven major North American sport leagues in 28 different sponsor categories, spanning 14 years.

Results from a random effects regression model suggest that official status designation is associated with a 12.3% (z = 8.32, p < .001) increase in brand recognition, with the model explaining 48.7% of the variance in brand recognition. Interaction effects were added to the model to investigate how the effect varies across leagues and sponsor categories, with significant differences realized for sponsors of Major League Soccer (a 4.4% increase), the National Basketball Association (a 5.9% decrease), and the National Football League (a 3.9% decrease).

This study provides a window into the generalizability and boundary conditions of the effects of official status designations, providing novel managerial insights for those on both sides of sponsorship relationships. Current research involves the application of a fixed effects model in order to investigate the effects of a switch in designation for the sponsoring brand, and how those effects vary in the second and third years after the switch. These and other results will be discussed.