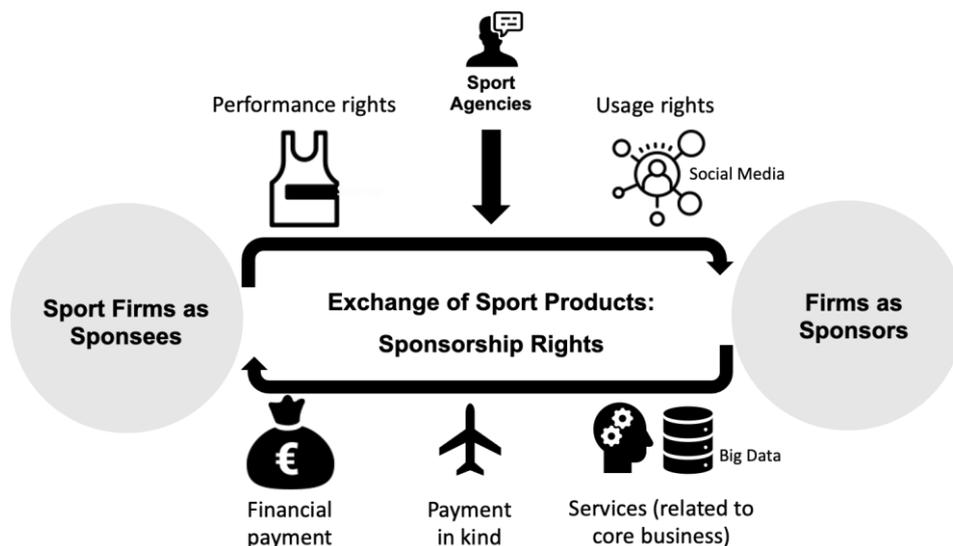


The Business Model of Sponsorship Engagement in Sports: Brief and Straight to the Point

(Markus Buser, Herbert Woratschek, and Jan Schönberner)¹

The Logic of Sport Products

The sponsorship incomes of the “Big Five” European football leagues (England, Germany, Spain, France and Italy) totalled for 4.3 billion euros, i.e. 27% of total revenues, in 2017/18 (Deloitte, 2019). However, sponsorship income of the Big Five is not equally distributed (Woratschek & Griebel 2020), and such figures only cover financial value. In the best case, those financial figures only depict the exchange of the acquired association rights for financial or in-kind assistance (Mullin, Hardy, & Sutton, 2014; Meenaghan, 1983). However, **traditional approaches** in sport management focus on the **financial value of sponsorships** because it is implicitly assumed that value is embedded in the sponsorship rights, and therefore, firms buy them.



Images partly provided by <https://icons8.com>

Figure 1: Sport Sponsorship – Logic of Sport Products

According to the traditional approach, figure 1 shows the market relations between sponsor and sponsee. In sport sponsorship, rights (performance rights, usage rights) are **exchanged**

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for money, payments-in-kind or services. In principle, sponsorship rights are seen as **products** that contain a certain **value** for the buyers.

Often the sponsorship rights are brokered through sport agencies, which act as “matchmakers,” so to speak. Matchmakers are a form of **platform business models** (Fehrer, Brodie, Kaartemo, & Reiter, 2020) and serve as intermediaries because they link actors in one or more markets. They also correspond to a value net (Stabell & Fjeldstad 1998). **Value nets** analyse intermediaries’ primary activities that directly lead to value for sponsors and sponsees.

The platform business model also corresponds to sponsees because they link sponsors with the fans, spectators and other sponsors. Sport agencies and sponsees as platform business models share the same value configuration, i.e. how value is created for the customers. For more details about different value configurations, please watch the video cited below.

However, the difference between the two business models lies in the fact that sports agencies act as intermediaries for the actors in one market (one-sided market: sponsorship rights) and **sponsees** as intermediaries for the actors in **multisided markets** (sports market, advertising market, labour market).

The Logic of Value Co-Creation

From the perspective of the logic of value co-creation (Woratschek, Horbel & Popp 2014; Woratschek, 2020), the platform business model “matchmaker,” or rather the value configuration “value net,” is not sufficient.

On the one hand, sponsors and many others also contribute to value creation, not only the sponsee. The sponsee provides sponsorship rights so that valuable awareness is created in the sponsors’ target groups (customers, fans, employees). This implies, for example, that fans, sponsee’s customers, and employees are excited to watch sponsored sporting activities. Hence, **value** is not embedded in sponsorship rights, it is **co-created** by different actors.

On the other hand, sponsors do not only provide financial resources or payments-in-kind. Inspired by the logic of value co-creation, engagement literature generates an understanding of voluntary resource integration in sport sponsorship. The collaboration of actors can materialise **on physical platforms**, such as hospitality areas, business meetings, or sponsor roadshows. Furthermore, those relationships can unfold **on virtual platforms**. This includes shared content via social media channels or digital network apps designed to facilitate the interaction of sponsors. The Dutch Bundeling company, in cooperation with PSV Eindhoven or other sports organisations, serves as an example (Kürbs, 2019, p. 9). Their app aims to connect business partners. Moreover, it represents a further possibility for sport organisation

to inform its partners or to invite them to special events. Besides, users can display companies sorted by sector, which facilitates networking (Bundeling, 2019).

Engagement platforms (EPs) are defined as “physical or virtual **touchpoints** designed to provide structural **support for the exchange and integration of resources**, and thereby co-creation of value between actors in a service ecosystem” (Breidbach, Brodie, & Hollebeek, 2014, p. 594). Following this definition, EPs enable interaction and collaboration of actors, both online and offline, and facilitate resource integration (Storbacka, Brodie, Böhmman, Maglio, & Nenonen, 2016). The difference to matchmakers or value nets is based on the different logics how value is created in sport sponsorship (Woratschek & Buser, 2018).

Following definitions of engagement as behaviour (Jaakkola & Alexander, 2014; van Doorn et al., 2010), **sponsorship engagement (SE)** is defined as actor’s behavioural manifestations and the integration of resources **beyond (or without) the sponsorship contract**. The **sponsee** acts as an **operator** of the EP, but also as **resource integrator** in a value co-creation process. All other actors, who gained access to the sport sponsorship EP, can interact with others. They provide and use resources simultaneously. Consequently, all actors engaging in sport sponsorship benefit from multilateral resource integration. Thereby, the operator facilitates SE.

To illustrate what kind of resources are integrated, we focus on the relations between different sponsors and a sponsee. Our empirical study reveals five types of voluntary resources integrated on a sport sponsorship EP (Buser, Woratschek, & Schönberner 2020): **management competencies, technical competencies, networking skills, innovative ideas, and products and services** that are **not** part of the sponsorship contract. For the sake of clarity, figure 2 shows a sport organisation as an operator of an EP with two sponsors and the resources integrated based on contracts and voluntary provision.

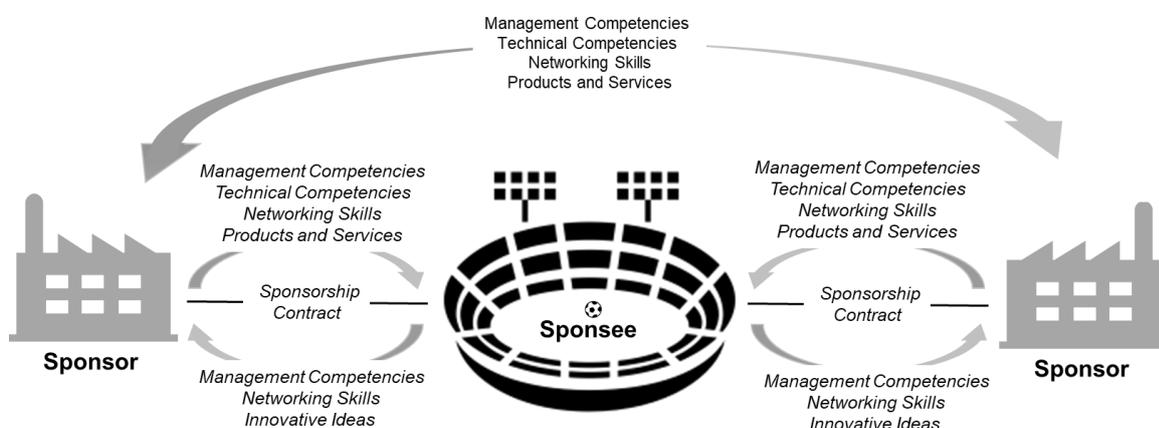


Figure 2: Sport Sponsorship: Logic of Value Co-Creation

No contract exists among the different sponsors. However, they likewise exchange resources and show SE. This circumstance makes the sponsor–sponsor relationship very special. Table 1 gives insights into voluntarily integrated resources as part of the actors’ SE behaviour.

	Type of resources	Sample quotation
Resource integration beyond (or without) the contract (SE)	Management competencies	“tax consultant is also a sponsor and then advises us [the sports club] without billing, for the most part, at least“ (exp_8)
	Technical competencies	“the sponsor is involved in the development of our boats. They provide us with wind tunnels to improve our performance“ (exp_45)
	Networking skills	“put(ing) in a good word for us ... [the sports club]“ (exp_16) or „even bring him [the partner] along, that we [the sports club] personally can convince them“ (exp_16).
	Innovative ideas	“we basically bring the ideas“ (exp_5) as “they have their own event department that helps with the implementation. So they are creating and have tools that they use and that you can use as a partner“ (exp_46).
	Products and services	“for example, if players move, they mostly use the moving company [sponsor]. Of course with relatively good conditions“ (exp_6).

Table 1: Resource Integration in Sport Sponsorship as part of SE

Having empirical evidence about voluntary resource integration in sport sponsorship in mind, industry reports about financial figures on sponsorship, such as Deloitte (2018), fail to provide a holistic picture of value creation as their numbers do not include SE. The **potential** to generate **value** from sports sponsorship, however, is **significantly higher**. Therefore, it is essential for **sport managers** to understand their **role** as **resource integrators** as well as EP operators **granting access** to others.

The isolated exchange of sponsorship rights has no value in itself. Value only results from the usage, respectively from leveraging or activating these rights, which implies that expenses for the mere access to the EP are not sufficient.

Furthermore, sponsorship is more than a pure promotional and sales tool for sponsors to target their strategic objectives. Given the importance of **business relations in sponsorship networks**, it is essential to be aware that sponsorship value is not limited to contract components. Therefore, the concept of sponsorship as an EP provides a foundation for contract-based as well as voluntary value co-creation. Conclusively, the **financial value** covers only a **small part of value potential** in sport sponsorship, whereas the **logic of value co-creation** reveals **the full potential** of that value.

Video

Please watch the SMAB Clip “Value Configurations” on Prof. Woratschek’s YouTube channel:

<https://www.youtube.com/watch?v=ZoAyF6t5eno>



Please watch the SMAB Clip “Was bringen Sponsoren außer Geld” on Prof. Woratschek’s YouTube channel (in German):

<https://www.youtube.com/watch?v=ofM6AKalmAM>



To put it in a nutshell:

1. **Traditional sport sponsorship approaches** focus on sponsorship rights and their **financial value**.
2. Traditional sport sponsorship approaches follow the **logic of sport products**.
3. Sponsorship rights are often brokered by **sport agencies** implementing a **platform business model** in the sense of a matchmaker or a **value net** in a one-sided market.
4. **Sponsees also operate** a **platform** business model or a value net, but in **multisided markets**.
5. In the **logic of value co-creation**, value emerges through interactions and different actors’ co-creation on **physical** and **virtual engagement platforms**.
6. **Sponsorship engagement** is actor’s behavioural manifestations **beyond (or without) the sponsorship contract**.
7. **Sponsorship engagement platforms** are **touchpoints** to **facilitate** exchange, and therefore actors’ **resource integration**.
8. Empirical findings show **five** different types of **resources** (voluntarily) integrated by sport sponsorship engagement: **management competencies**, **technical competencies**, **networking skills**, **innovative ideas**, and **products and services**.
9. **Sport managers’ roles** are **twofold**: they serve as **operators granting access** to an engagement platform and, simultaneously, they are **resource integrators**.
10. The **logic of value co-creation** reveals **the full potential of value** in sport sponsorship.

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