

ROLE OF SPORTS SPONSORSHIP IN REVENUE GENERATION

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ABSTRACT

Sports sponsorship's contribution to income generation has been a hotly debated issue in the business world. In return for opportunities for advertising or promotion, businesses back teams or sporting events financially through sports sponsorship. This essay looks at the value of sports sponsorship in terms of generating income for both the sponsor and the organisation being sponsored. The paper examines how sports sponsorship can aid businesses in gaining brand recognition, boosting sales, and cultivating customer loyalty. It also examines how athletic organisations can generate money for their operations and investments through sports sponsorship. The paper concludes that, if done strategically and with a clear grasp of the goals and objectives of both the sponsor and the sponsored entertainment, sports sponsorship can be a potent tool for revenue generation.

Keywords: Revenue , sports , sponsorships

INTRODUCTION

Sports sponsorship is essential for both businesses and sports organizations to generate income. It entails a collaboration between a company and a sporting squad or event, in which the company offers financial support in return for opportunities to advertise and promote. Many different types of sponsorship exist, including naming rights, logo placement on apparel or equipment, site signage, and player product endorsements.

BENEFITS OF SPORTS SPONSORSHIP

Sports sponsorship has many advantages for businesses, including improved brand recognition, customer loyalty, and the capacity to connect with a sizable and varied population. Sports organizations can use the money raised by sponsorship to pay for player salaries, facility improvements, and other operational costs. Through increased exposure and marketing

initiatives, sponsorship can also aid in luring and keeping gifted athletes as well as establishing a devoted following.

Reaching a captive crowd is one of the main advantages of sports sponsorship. Because they frequently have a strong emotional attachment to their favorite teams and players, sports fans are more likely to notice sponsor messaging and promotion. This could result in more revenue and devoted clients for the funding company. The growth of social media and digital marketing has created new avenues for businesses to connect with sports fans in addition to traditional sponsorship possibilities. Through social media partnerships with well-known players or teams, businesses can expand their reach and appeal to a younger, more tech-savvy audience.

But it's crucial for companies to pick their sponsorship opportunities carefully. Businesses must support teams and events that are pertinent to their target audience and brand values; it is not enough to simply slap their logo on a jersey or field sign. Failure to do so may result in unfavourable associations and harm to the reputations of the companies. For instance, we are aware of how much companies enjoy increasing their sales through marketing, whether it be through advertisements, exhibitions, or promotional campaigns to draw in the desired demographic. Brands are constantly searching for the ideal venue to carry out these tasks. Everyone desires an increase in the number of visitors who view their goods. Having a sponsor provides a sportsperson or organisation a platform from which to communicate with the participants in or followers of that sport. To make this situation more relatable, let's go deeper.

SOCIAL IMPACTS SPORTS SPONSORSHIP MAKE

Sports sponsorship provides individuals, sports teams, and organisations with financial support, which increases participation in sports. This help can help increase sports participation by providing opportunities to individuals who might not have had access to sports programmes or training.

Sponsorship of sporting activities and teams can help the local economy by bringing tourists and other visitors to the area. As a consequence, spending at hotels, restaurants, and other local businesses might increase.

Positive Role Models: Athletes with endorsement deals are frequently seen as positive role models by young people. Success and achievements can inspire young people to pursue their aspirations.

Sports sponsorship can stimulate physical exercise, which helps to promote healthier lifestyles.

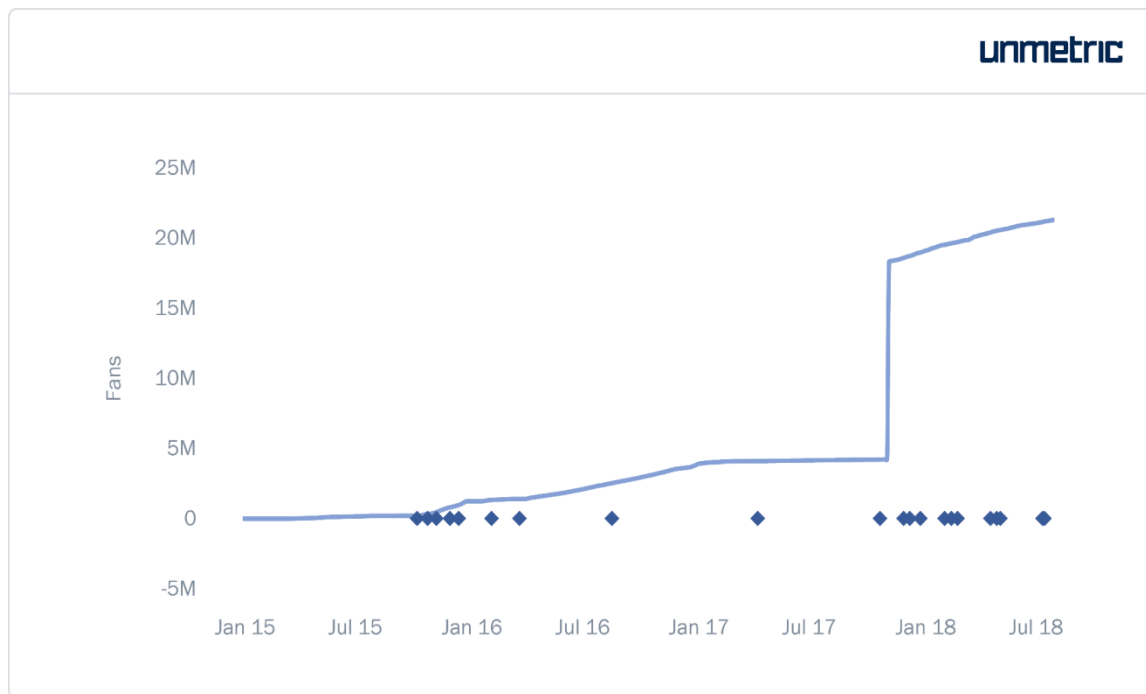
CASE STUDY

HOW SPORTS SPONSORSHIP HELP BRANDS

Chinese phone manufacturer Vivo joined the Indian market in December 2014, but for a few years the brand had little effect on sales in the nation. By 2016, Vivo's market share in India was only about 1%, which fell short of what a business would hope for in a market with so much potential. Fortunately for them, the spot-fixing controversy in 2013 and the termination of IPL franchises CSK and RR in 2015 led the IPL's previous sponsor Pepsi to decide to withdraw from the league in the middle of the 2015 season. Prior to leaving, Pepsi was obligated to pay the BCCI INR 80 crore (roughly \$11 million) per season until 2017. . Vivo acquired the contract for the 2016 and 2017 events for INR 100 crore (\$13 million). In 2016, Ranveer Singh was appointed as the company ambassador. Vivo developed phones that would be considered cheap in a market where prices are sensitive, falling between Rs 8,000 and Rs 25,000. By the first half of 2017, Vivo held roughly 15.49% of the market share for cell phones in India. (according to Cyber Media Research). In the same period, competitor Intex, which at the time owned the majority of the IPL squad Gujarat Lions, saw its market share drop from 11.96% to 6.14%.

Vivo experienced such a boom in the market that they were compelled to accept the largest contract in IPL or cricket history with a staggering INR 2199 crores (roughly \$330 million) for a period of 5 seasons from 2018 to 2022. In the case of brands, it was all about the advantages and the enormous marketing potential that sports possess. However, in the case of sports, sponsorships are essential to the operation, constituting a fundamental part of the revenue generation process for any sporting organisation or individual. By providing athletes with financial support so they can concentrate on their sport without being distracted by financial worries and by helping to cover costs such as equipment and facilities, sports sponsorship can contribute to the improvement of sport. Additionally, sponsors can expand their visibility and audience by linking their brand with a well-known activity or athlete. The popularity of the activity may increase as a result of this exposure, drawing more participants. We still have one more point to make about the advantages of sports funding here.

When vivo first joined the Indian market in December 2014, it largely remained unnoticed until it secured the IPL's title sponsorship in 2016. The brand has experienced positive interaction following the sponsorship, particularly on digital platforms. With over 22 million followers, Facebook has grown to become the biggest platform for vivo. The company has experienced rapid development, gaining 2 million new fans since the year began.



The blue dots represented brand posts that received more interaction than normal. An update to Facebook's algorithm that shows the total number of fans on a brand's global page on its regional brand pages explains the chart's unexpected spike.

IMPACT GROWTH OF SPORTS SPONSORSHIP

EPL team Adidas, Chevrolet, and other high-profile companies support Manchester United. Additionally, Manchester United makes a sizable profit from goods. Manchester United has a sizable and devoted fan base, which has contributed to the club's ranking as one of the most valuable sports brands in the world. In addition, the club has agreements with several major international retailers, which have helped to expand their reach and sales. as well as transmission rights. The team is among the most successful and well-liked in the globe, and their games are televised to a large audience. This assists in generating income from sponsorship deals, ticket purchases, and match day hospitality. The business income for 2020 was £279,044,000. Out of this total of £279,044,000, sponsorships alone made for £182,709,000, or a staggering 65.4% of all commercial revenue. Given how significant this area of sports administration is, one could almost argue that professional sports only exist as a result of sponsorships.

DISCUSSION

In the above paper I have discussed how Sports sponsorship is an important source of income for both sports teams and businesses and how its collaboration between a company and a sports

team or event can give financial support in return for advertising and promotion opportunities. Sponsorship can take many forms, including naming rights, logo placement on uniforms or equipment, signage at the site, and athlete product endorsements. Sports sponsorships have many advantages, including greater brand recognition, customer loyalty, and the ability to reach a large and diverse population and how Sponsorship offers much needed revenue for sports teams, which can be used to finance player salaries, facility upgrades, and other operational expenses. Sponsorship can also be beneficial

From the above data I have come across many different deals that were made which helped creating a huge brand value and made a huge social impact' which i have discussed below.

NIKE AND NFL

Reebok was replaced as the NFL's designated uniform and apparel provider by Nike in 2012. This collaboration included a five-year agreement worth about \$1.1 billion, which made it the biggest apparel contract in NFL history. In accordance with the deal, Nike created brand-new uniforms for each of the 32 NFL teams and unveiled a fresh assortment of fan gear. Fans and players' responses to the new uniforms were mixed, but they created a lot of buzz and media attention, which boosted Nike's brand recognition and boosted sales. A number of marketing campaigns were also a part of the collaboration, including the "Color Rush" campaign, which featured special edition uniforms worn by teams during Thursday night games.

This strategy increased merchandise sales and encouraged fan engagement. A number of social media campaigns, such as the "Get Ready for the NFL" campaign, which prompted fans to post pictures of themselves getting ready for game day, were also launched by Nike using the NFL relationship as a springboard. This strategy significantly increased social media buzz and increased website traffic for Nike.

Overall, the NFL and Nike partnership was a triumph for both organisations. While the NFL was able to profit significantly from the apparel contract and take advantage of Nike's marketing expertise, Nike was able to raise brand awareness and propel sales of its NFL merchandise.

NIKE AND MICHEAL JORDAN

One of the most effective examples of how sports marketing has helped sports is the partnership between Nike and Michael Jordan. This partnership helped Nike become one of the most recognisable brands in the world while revolutionising the way athletic apparel is sold.

At the beginning of the 1980s, Nike was still a small company in comparison to its competitors, such as Adidas and Puma. But in 1984, Michael Jordan signed an endorsement deal with Nike

after being chosen by the Chicago Bulls in the NBA draught. Nike launched the Air Jordan brand of basketball shoes in an effort to appeal to young basketball players and fans.

In addition to being stylish, the Air Jordan sneakers were also very effective on the basketball court.

CONCLUSION

In conclusion, sports sponsorship is a potent tool for companies seeking to boost sales and raise their profile. Businesses can connect with a captive audience and foster long-term consumer loyalty by partnering with sports teams and events. However, to fully reap the rewards of sports sponsorship and to stay clear of any possible pitfalls, cautious thought and strategic planning are essential.

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