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MARKETING THROUGH CORPORATE SPONSORSHIP

– CASE: COMPANIES AND PROFESSIONAL
GOLF – UNDERSTANDING SPONSORSHIP AND
ENDORSEMENT



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The main purpose of the research was to gain understanding on the key elements of marketing and sponsorship and how sponsorship can be utilized as a promotional action of marketing. Research discusses the 4P's and SWOT analysis roles and how they both are correlated with the fundamentals of marketing as a tool of understanding and analyzing the surrounding markets and environment.

Research was operated with qualitative method and therefore there is no empirical data gathered through interviews or any surveys. The data collection was based on literature on the topic and as sponsorship section and its different qualities get taken a look at, most of the information are acquired through secondary data such as journals as well as sponsorship and endorsement related articles over the internet. Articles vary from news page professionals to individual blogs.

Golf sponsorship related information is acquired through several internet articles that are closely related to the topic and they provide different insight for understanding the researched topic better as a whole. There is no clear line between studied theory and findings as the process moves ahead, as the facts and findings are often introduced together.

Research did not prove to be fully comprehensive as more time should have been spent on researching primary data such as more literature and published studies about the topic. Supplementary research could also be done with a comprehensive interview with international companies involved in golf endorsing.

KEYWORDS:

Brand image, consumer buying behavior, customer loyalty and satisfaction, brand equity, sports sponsorship, athlete endorsement.

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YRITYKSEN MARKKINOINTI SPONSOROINNIN KEINOIN

CASE: YRITYKSET JA AMMATTIGOLF – SPONSOROINNIN JA TUKEMISEN YMMÄRTÄMINEN

Tutkielman päätarkoituksena oli ymmärtää paremmin markkinoinnin ja sponsoroinnin avainpiirteitä ja kuinka sponsorointia voidaan hyödyntää markkinoinnin välineenä. Tutkimus keskustelee 4P:n ja SWOT analyysin rooleista ja kuinka molemmat liittyvät markkinoinnin perusteisiin työkaluina ymmärtää ja analysoida ympäröiviä markkinoita ja ympäristöä.

Tutkimus toteutettiin kvalitatiivisena ja täten ei sisällä mitään empiiristä tietoa joka olisi kerätty haastatteluin taikka tutkimuksin. Tiedon hankinta pohjautui kirjallisuuteen aiheesta ja keskityttäessä osioon sponsoroinnista ja sen ominaisuuksista, suurin osa tiedon hankinnasta toteutettiin sekundaarisen datan kuten lehtien ja muiden julkaisujen sekä internet-artikkeleiden pohjalta. Artikkelit vaihtelevat uutissivustojen ammattilaisten kirjoituksista itsenäisiin blogeihin.

Golf sponsorointiin pohjautuva tieto hankittiin useiden eriävien internet lähteiden kautta jotka liittyvät läheisesti aiheeseen. Ne tarjoavat erilaisia näkemyksiä ja ymmärrystä aiheeseen paremmin kokonaisuutena. Tutkitun kirjallisuuden ja tuloksien välille ei synny selkeää eroa tutkimuksen edetessä, sillä tutkimus ja löydökset ovat usein esitelty yhdessä.

Tutkimus ei osoittautunut täysin kattavaksi ja enemmän aikaa olisi pitänyt käyttää ensisijaisten lähteiden, kuten täydentävän kirjallisuuden ja aiheesta julkaistujen tutkimusten analysointiin ja tutkimiseen. Täydentävää tutkimusta voisi tehdä kattavalla haastattelemalla kansainvälisiä yrityksiä joiden mainonnalliseen toimintaan golf sponsorointi ja tukeminen kuuluvat.

ASIASANAT:

Brand image, consumer buying behavior, customer loyalty and satisfaction, brand equity, sports sponsorship, athlete endorsement.

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LIST OF ABBREVIATIONS (OR) SYMBOLS

For the reader to have a better understanding of the thesis, abbreviations and shortenings used in the research are listed here:

4P's is an analysis tool used in marketing strategy and analysis creation. It stands for *Product, Price, Place and Promotion*.

B2B is a shortening of Business to Business. The abbreviation is often used when discussing interaction between two companies.

E.G. is used occasionally in the text. It stands for Latin impression *Exempli Gratia* which means 'for example'.

LPGA – Ladies Professional Golf Association

N.D. – no date. Abbreviation used in citing an article with no date.

PGA Tour is an organization of male professional golf that organizes professional golf tours across United States and North America. The name is an abbreviation of Professional Golfers' Association of America but the tour and association are no longer in co-operation so the Tour operates as a separate unit.

SWOT Analysis is a tool for analyzing company's *Strengths, Weaknesses, Opportunities and Threats*.

1 INTRODUCTION

Marketing is a very old practice and the formation of the concept originally leads back all the way to the 18th century (Bournemouth University and University of Plymouth 2006). The marketing that is commonly used and known today was popularized in the 1960's. Marketing became more versatile at that time and marketing departments started to get common in companies. (Bournemouth University and University of Plymouth 2006.).

As Kotler and Armstrong (2005, 4) define marketing "is managing profitable customer relationships", it is clear that there has to be a clear plan about how to work with customers. Thus it is vital for every company to have a marketing strategy in order to succeed in the competitive markets. Sponsorship marketing is a very rapidly growing form of marketing and e.g. in United States, it is growing faster than any other field of marketing (Friedman 2012).

In today's market, the marketing is more complex and psychological than ever before. Consumers feel the need of belonging and often want to form or will even unconsciously form an emotional bond to the product that they wish to purchase and are using. Sponsorship and endorsement serve this purpose as a tool of marketing for the corporations as there are plenty of options what and whom to sponsor. By sponsoring an athlete or an event, the company is associated with that image of the sponsored and often benefits from this.

1.1 Research aims

The aim of the thesis is to gain further understanding of marketing and of the role of sponsorship as a promotional tool for companies and the possibilities it provides in affecting the markets. Research is also intended to provide insight into how this works in the sport of golf. To gain further understanding with this topic, the following research questions need to be covered:

Research Question 1: What key elements are marketing and sports sponsorship based on?

Research Question 2: How can companies utilize sponsorship and athlete endorsement in professional golf?

1.2 Thesis work process

There was no questionnaire made for this research. As the work in the research was executed with qualitative method, most of the facts were gathered from marketing and sponsorship related articles and journals in the internet as well as books related to marketing fundamentals and management.

Qualitative method was chosen since there was no interview executed and the information about sports endorsements and sponsorships was planned to be acquired through several internet based sources. Researching the general information about sponsorship through journals and many internet sources proved to be versatile and too superficial as it provided many different insights to the topic through different people and opinions instead of well established facts. Acquiring knowledge through quantitative method such as a survey would not have been as generally accurate as it would have provided too general of a perspective to the matter. An interview with few different companies could have brought additional value as the facts would have been delivered by the sponsors themselves.

Wide range of opinions from writers of articles as well as different sources with the key elements backing up one another while bringing their own insight to the research were in essential position to withdrawing the final conclusions. All the different elements of the gained information along with the golf related articles and cases worked finely together in discussion of the research findings and conclusions as they provided critical information combined with the case examples from the golfing world.

1.3 Thesis structure

The structure of the thesis was carried out in a linear and logical manner so that the progress is easy to follow and as the subjects get dealt with, they complement the subjects that are already discussed. This provides a clear

continuum to the research and helps understanding the accomplished results step by step. The construction of the research was wanted to be kept as logical as possible so only little research on sponsorships and endorsements was done and dealt with previous to the foundation of marketing part. Some cases used during the research were already familiar before the start of the research and could thus be analyzed while still structuring the research into to its final formation.

2 MARKETING FUNDAMENTALS

"The heart of your business lies in marketing." (Lorette 2012). Lorette clearly points out in her article that the key elements covered under marketing are advertising, public relations, promotions and sales (Lorette 2012).

Marketing is a key element in company's well being. Even if a company is able to produce a great product or a service, better than any competitor would possess, there would be difficulties to make a breakthrough to the market in case there was no marketing involved. This means that efficient and successful marketing is the company's pathway to the public. Through different elements and strategies of marketing, the public awareness can be raised and product has a chance to be known and successful.

The Marketing Mix and 4 P's

One of the key ingredients in initiating a successful marketing strategy for a company is the 4Ps (Product, Price, Place and Promotion). This strategy is also often referred to when discussing about the basics of marketing and it comprises of the same elements that are introduced with a concept Marketing Mix created by Neil H. Borden in 1964. (BusinessMate 2011.) 4Ps were originally introduced by Jerome E. McCarthy (BusinessMate 2011). Today, markets are more international than ever and it is most necessary for the corporations to consider all the segments of four P's in order to gain vital information about their surroundings and especially the thriving opportunities that await to be exploited.

In marketing there are immensely many opportunities in performing the company's marketing strategy. In fact, the Marketing Mix concept comprises of all the elements that are out there for marketing purposes, and 4 P's are just one of the many ways to approach the marketing issues. (Mind Tools Ltd, n.d..) The 4 P's are a valuable source of basic ideology and thoughts especially when creating a marketing plan for a start up company. This way the most basic

corner stones can be pointed out and exploited in developing the marketing further. As they state at the Mindtools Ltd article, after defining the assumably "right" marketing mix for the company purposes, it is still important to ask the following questions:

1. Are the needs met? (product)
2. Is the location of the product convenient and reachable? (place)
3. Does the price meet the expectations? (price)
4. Is the marketing executed in a way that it reaches the end users?
(promotion)

(MindTools Ltd, n.d..)

By resolving these issues and asking more specific questions and correcting the Marketing Mix to the desired direction, now and over time, the company should be able to complete their optimum marketing plan and maintain its efficiency (MindTools, n.d.). In the figure below is portrayed the layout of the 4 P's, helping to comprehend the idea how one factor always influences another in creating the right balance in the company.

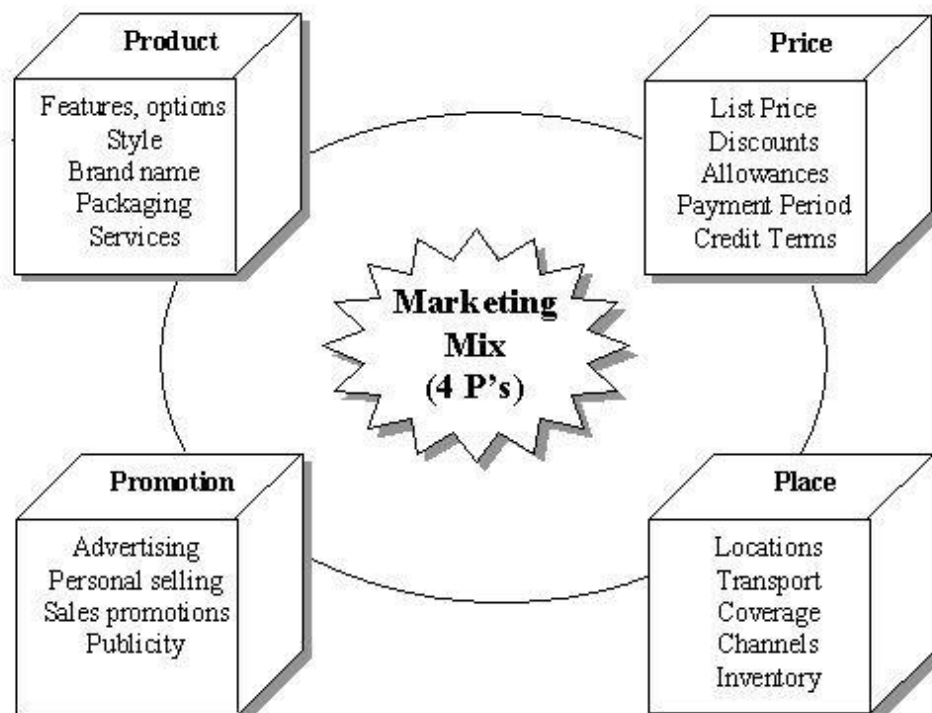


Figure 1. The Four P's of Marketing. (Master Class Management 2011)

The Marketing Process

Kotler and Armstrong define marketing process as a 5 step process that from the first steps to the finish comprises of understanding the customer needs and wants, creating a customer-driven marketing strategy, building superior value to the customers over other actors in the market, gaining profitable relationships and customer delight and finally capturing the value from the customers and thus gaining profits (2005, 5). Kotler points out various remarks from the steps. As a common mistake he mentions that way too many companies simply go after all the consumers when instead they should focus on whom the company wants to market and sell to product to and thus design the product to match that market segment. He also makes it clear that in order to build superior value and to be eventually able to capture that customer value back in order to make the profits, it is important to make the product more than a consumer good, an experience. Kotler makes an example of Starbucks strategy as they serve expensive, but tasty coffee and thus make having a coffee at their coffee shop an experience instead of simply selling a product. (CNN 2005.)

It can be observed that practically everywhere in a basic, western society today where the markets are filled with consumers with purchasing power, there is a clear trend line evolved around consumers' emotional behavior. People want to personalize their style and behavior further than before and this often is seen as a chance from the marketers' point of view. End users are more willing to invest in something that they expect to bring additional value to them over a standard product in the same category. This is why many marketing campaigns may seem to "paint the picture" for the consumer and make them visualize themselves in that same position. In another words, companies often sell ideas over products. This type of marketing demands the company to concentrate on customer value creation and satisfaction. It will be talked over with a wider touch in sub-paragraph 2.1.

Part of creating and maintaining a working marketing strategy is analyzing the markets the company acts in as efficiently as possible in order to understand the eternal factors affecting the competition. To gain proper understanding,

company is able utilize a SWOT analysis. SWOT stands for Strengths, Weaknesses, Opportunities and Threats. It was developed in the 1960's by Albert S Humphrey, a master of chemical engineering and business administration (TAM UK n.d.). If a company is able to properly utilize its full potential, it can be harnessed as an effective strategy tool. In this case there needs to be efficient prioritizing done in order for the company to understand the importance level of each action and element in the strategy planning process. (MindTools Ltd, n.d.) In Figure 2. it can observed both the internal and external factors that are portrayed by two segments each. The boxes with stronger coloring are the internal factors affecting the company's analysis of itself while the lighter, more transparent ones represent the external factors in the marketplace.



Figure 2. The SWOT Analysis.

Kotler (2000, 76-79) adds that a key point to the external environmental analysis is discerning new marketing opportunities that may arise. He also suggests that for the external environment, there should be a marketing intelligence system in companies to help them follow new trends and development from both macro- and microeconomic point of view. Kotler also talks about classifying both opportunities and threats according to the probability of them happening as well as how serious the threat or attractive the opportunity is. This way a company has a bigger chance to both capitalize on their opportunities in the market as they are also able to avoid the pitfalls. For the internal factors' analysis Kotler introduces the "Checklist for Performing Strengths/Weaknesses Analysis". To be able to succeed with the arisen opportunities it is important that the company management talks over the internal strengths and weaknesses periodically. Checklist helps in completing the evaluation and gives a rather accurate picture of how separate elements are performing inside the company. (Kotler 2000, 76-79).

Applying these different elements into company's marketing management and decision making process, good progress and results may be achieved. In the following sub-chapters individual sectors of these marketing elements will be introduced and discussed. Creating customer value is vital in modern day marketing as marketing is moving towards more personal image creation and appeals to consumers' emotions. This is because of innovative marketing strategies, and a big part of appealing to people's emotions is creating a brand image and equity for it that the consumers look for and can relate to. These topics will be discussed more extensively in sub-chapters 2.1 and 2.2. In order to be able to understand the consumer-base preferences and to deliver the right products to markets to make a profit, company needs to understand individual consumer buying behavior. If the marketing is not managed and executed in a correct way, e.g. concentrating on the variety of the product line instead of listening to the public, company marketing may be derailed from the intended and opportunities might be left non-capitalized. Consumer buying behavior will be discussed more profoundly at Marketing Fundamentals sub-chapter 2.3.

2.1 Customer value and satisfaction

Customer value creation is an essential element in maintaining the role and market situation the company currently possesses and reinforcing that part of company marketing strategy may help to increase their customer base further. When observing the marketing process, the fifth and final segment of the five step process is capturing value. That is to say, the better the company generates additional value for their customers with the product or service that has been decided to be purchased, more likely the same customers are returning to purchase more. Kotler describes the importance of value creation in a following manner: "By creating superior customer value, the firm creates highly satisfied customers who stay loyal and buy more." (Kotler & Armstrong 2005, 19.) This statement highlights the importance of consumer value creation. Kotler and Armstrong also highlight the importance of complete satisfaction of the customer as they state that even a small drop from the complete satisfaction of the customer can make a great deal in their loyalty towards the product and the brand (Kotler & Armstrong 2005, 19). If consumer loses their level of loyalty towards the brand they have favored, they may start to compare and consider competing producers' products as they already know what their regular brand has to offer and someone else might have something revolutionary that the current brand does not possess. When loyalty is diminished and this new feature that is not in the current product is found in the competitor's product, may the consumer consider testing that product instead and while doing so, also takes away their part of the previous company profits. If there is a major disappointment involved, the loss of the previously favored company may be multiplied as the customer that was let down talks about the case to their friends and other people around and thus might affect on the group's general perception of the product as well.

Retaining customer satisfaction and the level of provided customer value is not an easy task to manage. If the company is not at the top of their game and is not able to deliver quite the satisfaction that they would wish for, there are few tricks that they can try in order to gain better satisfaction and loyalty. Stark and

Stewart, two managing directors of strategic advisory firm on growing companies, talk about focusing on the key customer group that is of most value to the company. They help companies understand how to grow through providing a five step process in order to create better customer value and gain increased loyalty for a company. These steps are:

1. Understanding what brings value for the customers.
2. What is the value created by the service or a product for the consumer?
3. Identifying customers and segments where the company is able to create value over the competitors.
4. Pricing the product in a way that the company intake is at maximum at the same time as the customers receive the desired value.
5. Investing on the customers the company serves best and delivers the greatest value in return.

(Stark & Stewart 2011.) These guidelines provide valuable insight on how to analyze the market and where to aim at planning strategic marketing. Consumers can be segmented into four rough categories. In Figure 3. below, it can be seen the segmentation between long and short term customers as well as profitable and non-profitable customers. Most profitable group of customers are categorized as True Friends. These customers are those who companies most want to hold on to. They are the most satisfied and long term loyal customers of companies and generate a lot of profit for the company over the years. (Kotler & Armstrong 2005, 21-22.) Kotler talks of an example of Lexus automobile company. He states that according to an estimate by Lexus, a customer life time value for the company is worth \$600,000. This means that a loyal customer will total at that amount of money for the company with their purchases over their lifetime. (Kotler & Armstrong 2005, 20.)

Customer equity is a combination of customer lifetime values of all the customers a company possesses. Main idea in creating customer equity for a company is to invest in future sales and figures along with the current sales. This way the customer retention can be carried out more efficiently and the company is often able to hold on to those True Friends that are valued the

highest of their groups of customers. In dealing with customers from every segment it is important to understand that different customers require different strategies. The key is to "build right relationships with the right customers". (Kotler & Armstrong 2005, 22).

Projected loyalty	
Short-term customers	Long-term customers
High profitability Butterflies Good fit between company's offerings and customer's needs: High profit potential.	True Friends Good fit between company's offerings and customer's needs: Highest profit potential.
Strangers Little fit between company's offerings and customer's needs: Lowest profit potential.	Barnacles Limited fit between company's offerings and customer's needs: Low profit potential.
Low profitability	

Figure 3. Projected loyalty profitability potential of customers. (Akhtar 2009)

Customers stay loyal as long as they remain satisfied with the way their needs are taken into account and fulfilled. Customer satisfaction delivers the customer equity to the company. When customers are unsatisfied with the delivered value of the product, that is when companies lose customer equity loyalty. The customer delivered value is what they see that remains as delivering extra value for them over the price and other costs of acquiring the product after they have purchased the product and paid for that. (Kotler 2000.) So when there is a question of the customer satisfaction, it "depends on the offer's performance in relation to the buyer's expectations" (Kotler 2000).

2.2 Brand image and equity

Corporations often aim to differentiate themselves from their competition. Targeting a certain customer group is a way to specialize the product or service that is offered and a way to add value to it. This method often generates better profits than marketing to anyone, as it was already discussed in chapter 2.1.

To fully understand how and why the individual branding is important and how it affects the way a common consumer perceives the product, brand image and equity creation has to be observed more broadly.

There is no value for any brand if it is worthless or of diminishingly little value in the eye of the consumer. This is where the term branding gets introduced. It is extremely rare for a brand to develop a name for itself without any further effort from a company's marketing department. For example, any consumer could walk into a cheap retailer to purchase a pair of regular running shoes. Retailers such as Wal-Mart or Tarjoustalo in Finland target a larger crowd by offering lots of competing products against those of market leaders' for a cheaper, affordable prices. When purchasing those type of cheaper, not so recognized running shoes, people often buy "running shoes" without giving any further recognition to the brand itself. Then again when a consumer goes out to find oneself quality running shoes, instead of the cheap retailers they often wind up into a specialized sports store or a brand store to buy themselves e.g. a pair of "Nike's". This is because Nike as a brand is often related to such mental images as winning, top quality and most of all they have a very positive public image that the company has been developing over the years. Branding that is executed in a specific form often results in people having an idea of the brand as a certain type of product, in this case reliable and of good fame. It creates a mindset for people who get interested in it that makes them feel like they need a product with the exact features that the company has to offer. This is done by turning people's needs into wants. (Kotler & Armstrong 2005, 6). When the consumer realizes that their shoes are worn out and they need a new pair, they remember what Nike has advertised and that image posted in the media makes

them want that precise product out of all the options out there by transforming a general need into a more precise want.

Branding can be a massive concept when it comes to all forms and ways to understanding it. Advertising in media or gaining public visibility alone will not do the entire trick. There are often special features to the brand, something that differentiates that very brand from the rest of the competition. Kotler and Armstrong indicate that there are few factors that might aid the companies in revolutionizing their marketing. They talk about the packaging and its effects. As an example they use a paint producing company called Dutch Boy; the new design that Dutch Boy came up with was a plastic container with twist-off cap for the paint in the market of metallic paint jars. This provided the company with a significant foothold in the industry and gave them nice leverage over the market. (Kotler & Armstrong 2005, 244-245.) In case a company has come up with a distinguishable package to introduce the market with, like in the case before, an attractive packaging might help bump up the company turnover and thus reduce costs as a percentage of sales. Packaging may also provide other benefits such as greater convenience or make a good impression by being more environmentally friendly. (Chaneta 2010.)

Kotler and Armstrong (2005) also highlight that the product's labeling can be of benefit in case it is innovative and stands out from the mass of products.

One way branding and creating brand equity works in the market is creating value for the brand name. Having created a success story with a well known product or service, a company may be able to utilize that later by introducing new products and product lines under the same name as the consumers are used to relating that brand name into success and great quality. Apple is one company that has managed to do this in their own way. They are almost irreplaceable to the clients that have already fallen for their products and even for the rest of the consumer base, they portray themselves as top quality electronics manufacturer. This level of loyalty is something that has helped Apple through the tough times in the market and leveraged it back up, higher than probably anyone ever dared to dream of (Dooley 2012). Customer loyalty

was discussed before and that is exactly what Apple has managed to do with their customers. They have provided customers with top quality electronics equipment and as they provide their own ecosystem linking all their devices to one another and thus making the usage much more convenient, it is almost certain that after a purchase of an Apple product, the consumer will seriously consider buying the next one. This way as long as the customer base is kept satisfied and no major disappointments with the merchandise arise, the loyalty of the consumers maintains at the top level and through that capturing customer value is easier and higher profits likely.

Trump corporation has also managed to do this product value creation. This story is a bit different. Donald Trump became known for his real estate business and made a fortune with that (O'Connell 2012). After that he has had a succeeding television reality show called The Apprentice where he is searching for a trustworthy employee for him to a given position with responsibility. Since this television show started airing he has been the name on everyone's lips. After gaining vast popularity through the show, Trump has released a wide mix of products. The marketing and expectations of success for these products are based on people relating his name into something of high quality, success and luxury. His spokesperson even stated that Trump considers himself as sort of a living brand (Klara 2011). In pictures 1. and 2. below are examples of the variety of products the Trump business entity has produced to the market. Kotler and Armstrong discuss about the similar phenomenon in branding. They state that brand positioning is very important to find a place for the product in the markets and also for gaining a foothold in the industry. The brand can be positioned in a way that the name is associated with a desirable benefit. If the brand is strong enough, it can position beyond that to reflect strong beliefs and values. When the brand has reached that position, it is easy to utilize that same brand name in extending the brand further because of the familiarity. (Kotler & Armstrong 2005.) This is what Trump industries have done. They have positioned the brand in a way that it is connected mentally to a luxury item and buying and owning that product will feel superior in the mind of the consumer compared to a normal, similar good.



Picture 1. Donald Trump: The Fragrance (Squidoo LLC 2012)



Picture 2. The Trump Vodka (Squidoo LLC 2012)

2.3 Consumer buying behavior

Buying a product is not as simple as one would assume. It is suggested by researchers that a normal consumer goes through a five-step decision process when making a purchase. (Riley 2012) The steps can be seen below from top to bottom.

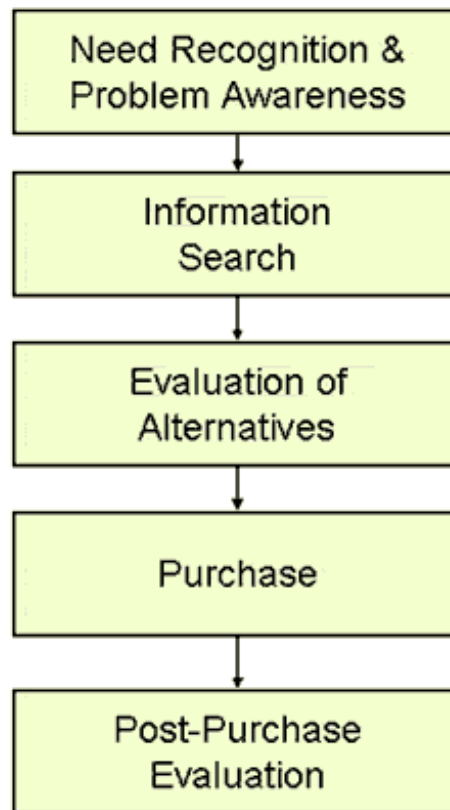


Figure 4. Buyer Decision-making Process. (Riley 2012)

Information search process can be influenced by different characteristics of the buyer. These characteristics are cultural, social, personal and psychological. According to Kotler, the cultural factors are the one's with the most influence. (Kotler 2000, 161-176.)

Cultural factors affect the buying decisions the most since with culture comes from what people have learned is good or bad through their lifetime. They base many decisions on the values that they hold close to themselves. Additional factors are the subcultural values that are affected by the race or nationality they are of and the social class as some are academically educated and might feel the need to dress up to the status while other vocationally educated workers might be more than fine settling with not so highly branded, more affordable clothing. (Kotler 2000)

Social factors range from family and friends to co-worker affected opinions and preferences. These groups often affect individual's choices through behavioral manners. New acquaintances and generally people around introduce behavior

or lifestyles that may later contribute to the individual's buying behavior. These changed views may influence one's attitudes and also create pressure for conformity in order to blend in. (Kotler 2000.) Common personal factors affecting individual's buying behavior are for example person's age and their the part of life-cycle they are in, occupation and one's economic situation and also personality. (Kotler 2000.) Lifestyle and personality are one of the biggest contributors to the personal buying process as the entire process may be based on the values that the individual consider closest to oneself. Psychological decisions are based such elements as motivation, perception and learning as well as beliefs and attitudes (Kotler 2000.) Apple is a good example of consumers' psychological buying behavior through learning as many of the loyal customers have originally purchased some item of theirs and as they learned to like the product and that it is of good quality and functionality, they assumed that other Apple products will be of the same level as well and ended up purchasing more of the same brand.

Buying behavior also leans to the brand equity as the consumer often possesses multiple qualities and attitudes that together form a combination that determines how the consumer makes the final decision. Consumer usually generates a belief about a product that is later turned into an attitude and if it is positive towards the good it usually leads to a well considered decision and purchase. As part of brand equity creation, beliefs and attitudes towards brands are important. The stronger they get, the better it is for the producer. Figure 5. shows the Brandz equity model and how a strengthened brand equity leads to better customer satisfaction and loyalty and therefore results in a more focused buying behavior of the favored brand or a product.

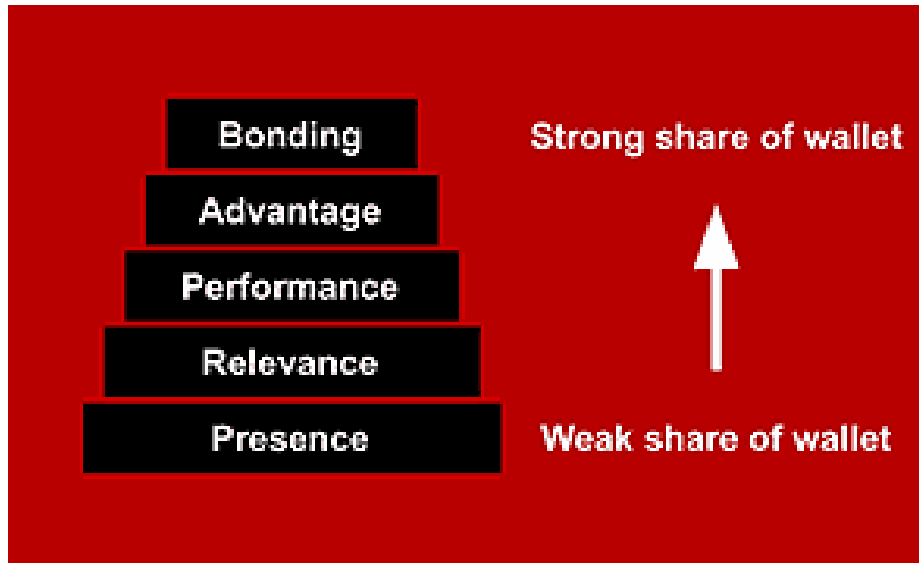


Figure 5. The Brandz brand equity model (Krishnamurthi 2007)

3 SPONSORSHIP

Sponsorship is a common way of advertising for corporations in the field of sports and also in other major events as fundraisers. Simple description of the role of sponsorship is to support an event or an organization or athlete either with money or other resources that provide benefit for the receiving side. In return the sponsor will gain advertising space or publicity in the event or its advertising campaign. (Riley 2012.)

Sponsorships exist in different forms. These days sponsoring television and radio programs is highly popular and viewers may often bump into a sponsorship advertisement on the commercial break or at the beginning of the show. Other forms of sponsorships include arts events where a company may try to get an uplift for its image as a sponsor and get people to relate their image to the worthiness of the arts. There also exists educational sponsorship. This may show as granting five scholarships every year to students with great performance, or acting as a supportive sponsor by providing educational knowledge or equipment for research or other projects taking place during the school year. (Riley 2012.) The current economic uncertainty in the world's financial markets have affected the growth rate of sponsorship expenditure. Despite the slowed growth rate of sponsorship spending it is still a huge business and a very popular way of marketing among companies. Sponsorships in North America totaled to be worth \$18.11 billion in the year 2011 and the amount spent on sponsorship deals across the globe was a whopping \$48.6 billion. Yearly figures are assumed still to be decelerating in 2012, from 2011's global 5.1 percent to 4.9 percent, topping at \$51 billion. One thing that speaks for the raised opportunities sponsorship has in company advertising is that it is estimated to grow more than regular advertising that is assumed to maintain its growth rate around 4 percent. (PRWeb 2012.)

3.1 Sponsorship and endorsement in sports

Most common way people see and understand sponsorship is still through sporting events and athletes. Since the aim of the research is to understand the role of sports sponsorships and athlete endorsements, this remaining part of research on this chapter is based on sponsoring sports. Athletes often wear or use the sponsors apparel or equipment when attending the sporting events. If a team is sponsored, they usually carry the logo of the sponsor in their outfit or promote the company while promoting upcoming events or have other public events. It has been harder to attract big sponsors after the recession started back in 2007 since lots of companies are cutting back costs by downsizing both their working force as well as their marketing budgets. Despite the ongoing uncertainties, there have been some really big deals in the sponsoring markets lately and the hopes are up for revitalizing of the sponsoring of teams and events in the future. For example Pepsi acted big in the year 2011 and signed a 10-year deal starting at 2012 with the National Football League (NFL). They are sponsoring the entire league and the support can be measured at net value of \$2.3 billion. (Wilson 2011.) As the study concentrates on the sponsorship effects to the companies of golf and later discusses examples such as Tiger Woods and Nike endorsement as well as Rickie Fowler and his head to toe endorsement deal with Cobra Puma Golf, it can be mentioned that the PGA Tour that acts as the tour for the top players in the world also has a sponsor net value of more than \$1.2 billion to support its activities and running the tour operations (PGA Tour 2012).

3.2 Objectives

When the decision within the company has been made of getting involved into sports sponsorship advertising, some ground rules has to be laid out. Firstly there has to be clear understanding in the company of what they are getting into. Analyzing the field that the company is about to embark on is vital. Questions like who is already there and if there is competition, are they getting

any benefit from attaining that market, need to be asked to learn more about the industry and whether it is worth jumping into (Riley 2012).

Before deciding on what or whom and how to sponsor, company has to decide what are they looking for in the sponsorship relationship. The objectives have to be clear as water so that the company can fully concentrate on those values and invest the money into the right targets. There are several different objectives for the companies to choose from. Common goals at initializing sponsorship agreements are raising and improving awareness of the brand in public, building the company image, promoting a new product like Coca-Cola has done with Lotus Formula 1 team (Quinn 2012) and aiming to gain a competitive advantage through distinctive sponsorship as a mean of advertising (Riley 2012; NSW n.d.). There can be more than one objective for the company to reach for since sponsorships often combine several benefits of advertising into one and thus make it an extremely efficient marketing tool. McCune argues that sponsorships can help building brand awareness and at the same time attract and introduce more customers to the company's product as well as fortify the loyalty and satisfaction with the already existing customers. (McCune 2001.)

Although there are plenty of objectives for a company to choose from, it is important to decide what the company is after and make it clear already before engaging into a partnership and stick with that set goal after engaging the sponsorship. This helps keeping the focus on the set objective and makes it easier for the company to utilize the sponsorship as well as possible. (Vaav Communication n.d.).

3.2.1 Message

Sponsorship may have a great impact on the company image and deliver a positive message of the company actions and values to the public. One thing that corporate sponsorship affects is people's buying behavior. The company is able to send a picture of themselves through the objectives that they have set for the co-operation. In case the objective is introduction of a new product, and the sponsored party performs well, the sponsor will benefit from the success

since the delivered value is often directly proportional to the added popularity created by the object of sponsorship. This works really well for Coca-Cola after they decided to sponsor Lotus in the 2013 F1's. Kimi Räikkönen made a phenomenal return to the Formula One racing world in 2012 with Lotus and Coca-Cola sponsoring Lotus with their new drink Burn in the following season gets a great lift out of Räikkönen's success.

There are also other ways that the sponsor image can be translated to the viewers. Shahid and Tanvir claim that sponsorships can affect consumers by leading to a higher level of intended purchases by delivering a higher brand image (Tanvir & Shahid 2012). BP has suffered a great deal from reputation loss after their drastic oil spill catastrophe at the Gulf of Mexico in 2010. The company acted as a sponsor in the London Olympics at 2012 and benefited considerably of it as a mean to clean and clarify their brand image. People generally respect the brand of Olympics and many relate Olympics to valuing nature and the variety of all the people around the world. For many the Olympic brand speaks of respect and of great responsibility. A research conducted about London 2012 Olympic sponsors reveals that only 18 percent of the polled people were not aware of BP acting as a sponsor in the games. As much as 38% of those aware of BP's sponsorship agreed that BP is giving a lot more effort in reaching for a cleaner planet than they used to. (Reynolds 2012.) So this summer Olympics sponsorship did a great favor for the oil company that previously suffered a terrible loss of reputation due to the horrific accident. Even though there is most likely not going to be any added intended purchases on the individual level, the sponsorship affected BP's reputation and most of all was able to deliver their brand image a big green light in the eyes of other observers, possible customers included. With the gained status it is highly likely for BP increase their B2B sales in the future as they are forgiven by many for doing good and having good intentions on the environment.

Of course not everything is perfect. There are always some less impressive cases towards the sponsor. This type of loss of reputation or a dent to the brand image that is represented can originate from a loss of good reputation of the

sponsored athlete or a team or because the athlete may come across as arrogant overly paid shrew in case he acts against the team or fan wishes or is highly paid without gaining any success.

3.3 Action Plan

Initializing a sponsorship or an endorsement deal is easy but it is a fools game if there is no planning done to back up the intended purpose. Riley suggests that companies need to consider the effect of sponsorships with their other promotional activities. He also emphasizes the importance of planning the entire marketing scheme and not just part of it. These features to consider include what or whom to sponsor, the price of sponsorship for the company and the timing of the deal. (Riley 2012.) The right target of sponsorship for a local ski shop is quite naturally the local ski club as the expectation is that the members will come to purchase their skiing equipment from the store (McCune 2001). Time wise it can be optimal for a company to start a sponsorship deal with e.g. a professional golfer just few weeks before the first major tournament of the season. This way they will get additional publicity by possibly holding their own press conference about the deal and most of all because the players are observed with intensity before the major tournaments, especially the first one. Then again if the sponsorship takes place at an individual event, for example the Olympics, the price tag on that deal might rise to be quite high but the coverage will be really intense and as the Olympics itself speaks of clean and honest values, the company will get to enjoy the same ride. Companies often initiate sponsorships as they desire to obtain a better, caring image through the perception of the public. This will deliver a lot of brand equity for the company and boost up their image. Sponsorships often also prove to be a cheaper option to regular promoting. (Pitts & Stotlar 2002, 27-28.)

3.4 External environment analysis of sponsorship

Discussing the engaging of company into sponsoring or endorsing an event or an athlete is not a simple decision. Decisions are rarely made instantly, usually it requires a good research on how to exploit the sponsorship in company's favor by benefiting from the external opportunities while avoiding and being aware of the threats and downsides of the deal. Analysis of the surrounding and potential market place and forces is vital for the original action plan when deciding what direction to head for in the first place. It still need a deeper view to itself and thus it is handled separately from the plan creation itself. This is a situation where lots of companies generate benefit from creating a SWOT analysis of the situation, often giving extra emphasis to the external factors as they are affecting the type of sponsorship chosen even more than the internal ones.

LPGA tour posts out an optimal opportunity for a sponsorship deal. Since they are looking for sponsors, they are taking in all sorts of offers. This is a fair opportunity for all companies with small or large turnovers as they can fix a perfect sponsoring deal with the desired money expenditure and strategic objectives such as flexibility and coverage wanted. (LPGA n.d..)

BMW spotted an opportunity in the golf audience as well as they utilized an opportunity to sponsor a golf tournament in Ohio. They saw a marketing opportunity through sponsorship as the estimated household income for the players attending to the competition revolved around \$250K. BMW rewarded each participant with an opportunity for a test drive and a purchase incentive as well as company golf premiums. (Lamb 2012.) This way they were really able to push themselves and raise awareness of the new models with everyone present. As a premium sponsor with lots to offer to the competition, they were able upgrade their social and brand image amongst that crowd.

Riley (2012) also talks about defining the target audience for the sponsorship and this is something that BMW managed to do superbly with their sponsorship of a golf tournament.

For a wealthier company there are plenty of possibilities to benefit from the awaiting opportunities in the market. They can decide to sponsor a single event like BMW did and gain much attention from that particular audience. Then there are annual happenings that the company may attend to, either by being a sponsor among others and supporting a good cause or then by really contributing to a great brand image and investing enough to have the entire event named after the company. Same qualities apply to a single athlete with the difference that in case of an endorsement contract, the results of the deal may be much more versatile depending how well the athlete performs while competing. HSBC Group is known for its banking and advisory services around the globe but it acts also as a very responsible and generous contributor to the society as they spend large amounts of money in their sponsorship agreements and events. HSBC states the following on their site about sponsoring: "At HSBC we view sponsorship both as an investment to help sustain and grow our business and as an opportunity to connect with customers and colleagues in the local communities in which we serve.". Sports are considered to be in a major role of life skills societal values development and therefore HSBC invests in many sporting programs locally around the world to be able to offer opportunities and learning to young people. (HSBC n.d..)

As the opportunities are well perceived and utilized when optimizing the right conditions and field for sponsorship they may just as well backfire in case those optimal opportunities turn out to be something totally different than anticipated. The opportunity does not even always fail the company, there are other threats as well. The sponsorship or endorsement may have gone just as hoped but with a sudden change of events, the situation may turn unbeneficial for the sponsoring company as the sponsored/endorsed party lets down their end of the contract. These sort of events take place when there are organizations revealed to have issues below the surface that the corporate sponsor did not know about or if endorsed athletes develop personal issues affecting the intended image that the company is paying for. In the following two sub-paragraphs the research will discuss the scandalous events that occurred with

Tiger Woods and his personal life as well as Lance Armstrong and his newly revealed, damaging evidence about doping usage during his career.

3.4.1 Case: Tiger Woods

Golfer Tiger Woods is responsible for one of the all-time biggest sports scandals that have taken place in the sport of golf. He was revealed to have had sexual relations with several women over years, while at the same time posting a model image of a perfect athlete to the media, not forgetting that he was also married with wife and children. Scandal first surfaced at late 2009 when the first alleged affair was reported (NBC Sports n.d.). After that the entire plot started to unravel revealing the real situation behind Tiger's poster boy-like life. First it looked that his family life was going to be resolved but later him and his wife, Elin Nordegren ended up divorcing (Gray 2010).

This entire flood of negative events, not to mention Tiger not being able to win after the scandal until March 2012 (The Washington Times 2012) really affected his sponsorship and endorsement contracts. All the sponsoring companies were getting was bad reputation and unwanted publicity from their favorite athlete. Tiger's scandal affected to many big companies' sponsorship and endorsement policies and during one year from -09 to -10, Woods saw his endorsement deals go down a crushing \$22 million. Endorsers that were seen to bail from the contracts were big names such as the sports drink manufacturer Gatorade, teleoperator AT&T and the consultancy company Accenture. (Wei 2010.) According to Reuters (2009) in a study conducted by researchers Victor Stango and Christopher Knittel, the damage estimated to be caused to the sponsor companies and their share holders appeared as a reduced shareholder value of 2.3 percent which totals in cash around \$12 billion (Reuters 2009).

All this negative publicity also affected Tiger's attractiveness with new endorsement contracts. It took him almost two years before a new endorsement contract with a big name was ready to be announced. This partnership was with Rolex. There had been one new endorsement before that but it was with a

Japanese muscle ointment producer and not in any way a signing worth celebrating all that much. (Walker 2011.)

This shows how massive the effect of a scandal like this may have on companies. As mentioned, it took almost two years before the announcement of first new American endorsement contract for Tiger Woods. When companies get setbacks like these, it may result in giant losses of shareholder equity and thus make companies suffer from the good reputation that got turned bad for a while. It may also affect to the enthusiasm that the company shows towards new sponsorship deals, or more likely result as a lack of it.

3.4.2 Case: Lance Armstrong

The scandal with a professional cyclist Lance Armstrong was a bit different. The foundation of the scandal was on both personal and professional level. Armstrong reached headlines with a bang after the U.S. Anti-doping agency released their report about Armstrong having used and contributed to the spreading of doping substance over the years. He was stripped of all the titles, including the seven Tour-De-France victories over the years and banned from cycling for life. Publicity like that is never good and it lead one of his major endorsers, Nike with who he started the brand Livestrong after being healed from he's cancer with, stating that they had to terminate their endorsement with Armstrong as he had "mislead" the company for over a decade. Nike added that "Nike does not condone the use of illegal performance enhancing drugs in any manner.". Another endorser of Armstrong's, Anheuser-Busch ended up resolving the issue in similar manner as they will not renew their endorsement contract with Armstrong after the current one closes at the end of 2012. (Fox & Isidore 2012.)

In addition to Nike having to admit of sponsoring a doping using athlete for more than a decade, they also lost the role model for their charity organization Livestrong. He used to be the chairman of the organization but has to step down now as the deal with Nike is terminated. Nike stated that they will still

continue supporting the charity as it does good work for the people affected by cancer. (Los Angeles Times 2012.)

Armstrong did not cause such a strong chaos as Woods with his doping scandal. He has not admitted to any usage of doping what so ever and the reason all this happened is because of the investigations of U.S. Anti-doping agency and the decision they ended up ruling for. It however caused Nike to lose a powerful role model for their cancer charity Livestrong and therefore it affected Nike and Livestrong really strongly as there will no longer be a single admirable role model for either of the companies to look up to as the brave survivor from cancer.

4 COMPANIES & GOLF SPONSORSHIP

Golf is often perceived as a high profile, upscale game. Even though the sport has come down to a level that at which practically anyone could play it, it has managed to maintain its dignity and appreciation world wide. There are few factors that mostly contribute to that. One is the dress code that needs to be followed on the course and another the etiquette that requires calm, gentleman like behavior and that is extremely strict with the rules. This is why golf is a good platform for big companies to advertise themselves in an appreciated, dignified manner.

Many companies that have embarked in golf endorsements look for the same sort of features in their endorsement as they would with another field of sports. Everyone loves a winner. So as Tiger Woods plowed his way from victory to victory over the late 90's and most of the 2000's, he gained a reputation that does not wear off easily. Given that he has been through one of the biggest scandals for a single athlete in the sports history and he still tops the top earners list tells something about the perception of himself he has managed to create. (Sirak 2012.)

Mendritzki discusses some key factors that help making golf sponsorship affective. He discusses of mini sponsorships and small tournaments but some of his observations hold just as well in the big picture. He points out the role of preplanning the sponsorship of a tournament. This is vital even at the PGA biggest tournaments as there is millions of dollars that depend on the success of the promotional success of the event. He also urges to be innovative with the planning of the event sponsorship. Dealing out t-shirts and hats and golf balls is indeed almost too predictable. (Mendritzki 2012.) The BMW example used earlier in the research proves the point as they were able to capture the attention of the golfing crowd by offering something new and exiting, a test drive for any player that desired to have one.

4.1 Event sponsorships

Sponsorships in smaller, local tournaments often provide a great opportunity for local firms to introduce and present themselves. Another commonly capitalized opportunity is to sponsor a charity event of some sort as they are often easy going events with a great return in terms of reputation. Like in charity events, often the main role for companies sponsoring events with good atmosphere and reputation is getting part of that same spirit for their image. Event sponsorships are often used exactly in purpose of gaining a better name and good reputation for the company itself. How well the company is portrayed through the event often depends on the company itself and on the amount of money they are willing to spend to advertise themselves. Usually there are different packages offered for the sponsors to choose from that vary both in price and given exposure (Act Today 2012). This is also suggested by Ron Strand as he introduces the effects of golf sponsorship on car dealership compared to regular media. He also points out that the effect to the local community was considered to be much more effective through local company sponsorships than regular advertisement. (Strand 2006.) The same picture is repeated in the bigger circles as well. There was the LPGA sponsorship example mentioned earlier in the research and that same sort of acquiring of sponsors is what is done at men's PGA Tour as well. The contacts are available on the PGA Tour website and they have their own person to contact about the sponsorship matters about (PGA Tour – Business Contacts n.d..)

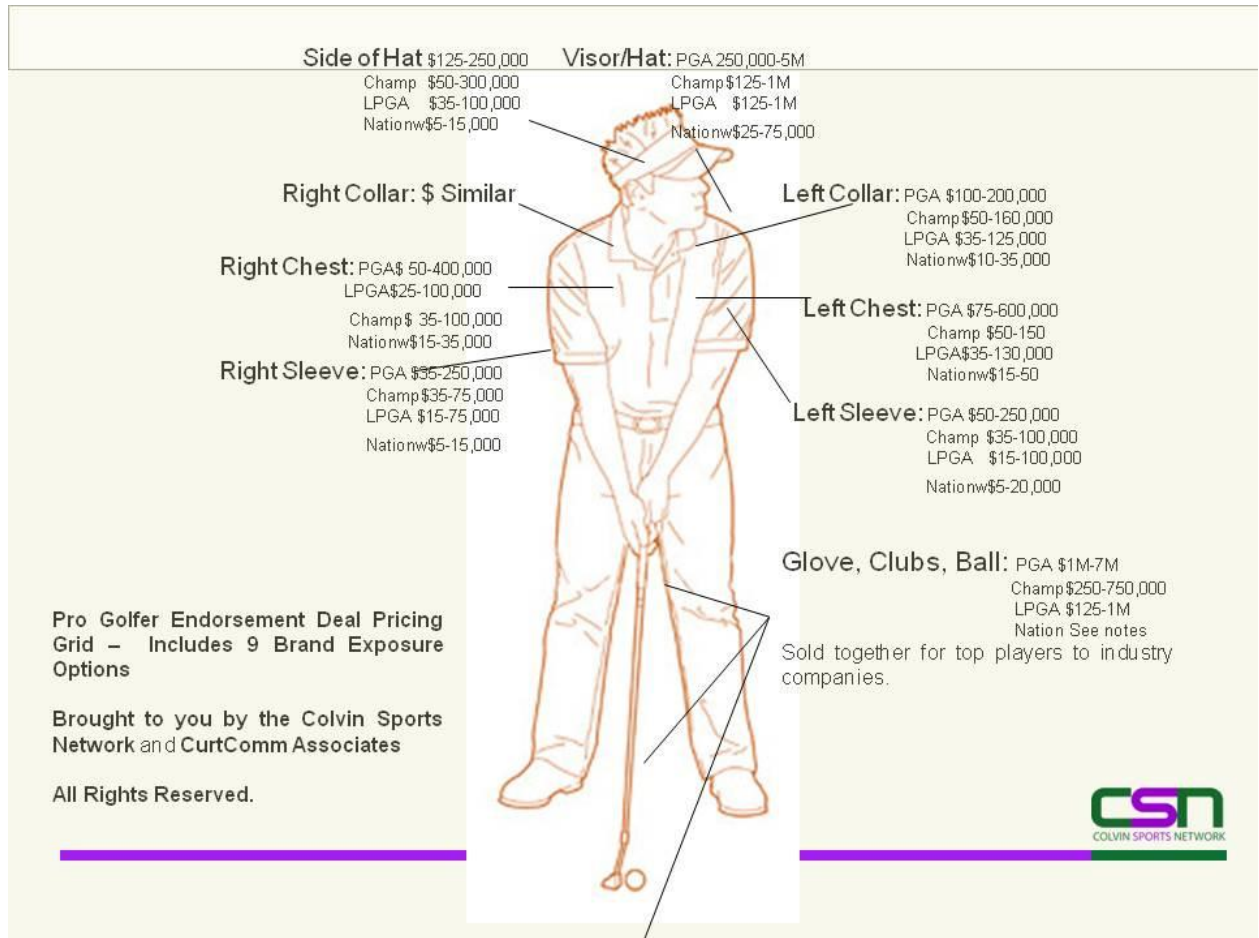
4.2 Player Endorsements

Player endorsements represent probably the most known type of golf sponsorships out of all the existing. People easily connect some top names of the sport to specific brands as they are seen regularly in the media and headlines. One could also think that is there any better way to promote a product than endorsing a successful, admired player with it.

To understand how the full benefit of a player endorsement is fully utilized, it is good to inspect one endorsement deal that Tiger Woods has possessed during

the years. The most important endorsement contract for him has been with Nike. Nike has been the endorser of Tiger since the beginning of his professional career and has provided him with apparel from head to toe also including the equipment he plays with. This all has been agreed to be performed against a nice lump sum of money. Even with the high cost of endorsement to Nike it has still paid off to sponsor Tiger all these years. Woods has generated a media value worth \$18.9 million over the year 2012, of which 18.1 to Nike. (Badenhausen, 2012.) This amount combined with the popularity and demand for Nike golf apparel and equipment created by Tiger Woods alone most likely fully satisfies Nike from the investment point of view. As Tiger was practically undefeatable during the ten year period from the late 90's to 2000's, it also represented Nike in a best possible scenario and helped sell the "winning" brand. This same image has influenced all his other endorsers as well as what ever he has advertised has seemed like a top quality product because of his success.

Other notable examples of good player endorsement two different ways are Rory McIlroy and Rickie Fowler. McIlroy has been the world number one player lately and endorsing him while being everyone's favorite and a top of the game winning player means a lot to the different sponsoring companies. Picture 3. introduces the general price range of a player endorsement at different locations that are for sale in their outfit and profile. McIlroy makes millions of the several endorsement deals that he has signed and the companies most likely feel comfortable paying him that amount as he was reported to deliver more than double the value back in broadcast time. (Badenhausen 2012.) Sometimes exclusive endorsements are still worth more or just as much than having several individual ones. Tiger Woods has clearly demonstrated this. This is not the entire truth though. Woods has become so successful that he has managed to turn the concept of Tiger Woods into a brand itself as well. The one kind that all the other brands are after. But another Nike exclusive player Jhonattan Vegas is a good demonstration of the fact that instead of having to acquire several different endorsement contracts, a player can get the same amount of compensation from being loyal to just one brand (Dosh 2012).



Picture 3. Endorsement pricing grid for a pro player. (Colvin n.d., Amodio 2011)

Rickie Fowler is more closely related to the endorsement style of Tiger Woods as he has clear representation of Cobra Puma Golf in all of his apparel and equipment. The difference is that even though the two golfing companies are working together, Cobra is still the manufacturer of the equipment while Puma stays in charge of the apparel. Therefore Fowler is wearing Puma and playing with Cobra. What makes his case special is the outrageously colorful line of clothing that he wears. Unlike the calm and classic style of Tiger Woods, Fowler relies to his own style. With the extraordinary, youthful style and hair he is walking his own paths and acting as an ice breaker into a new line of golf clothing. (Burke 2012). Fowler has his own line of apparel at Puma Golf (Puma Online Shop 2012). Fowler wearing apparel from his line in the picture below.



Picture 4. Rickie Fowler (Golf Pidgeon by RickieFowlerPGA 2012)

5 DISCUSSION

Research goal behind the thesis was to understand the key elements of marketing and how sponsorships operate and work as a supporting action for company promotions. The research started by gaining understanding over the basic elements that rule marketing such as the 4P's affecting the promotional strategies in the market place and SWOT analysis that is conducted to gain the initial understanding of company assets and the surrounding circumstances in the markets. This manner of an approach was chosen as the process from general marketing requirements into more particular elements of golf sponsorships wanted to be made as easily understandable as possible.

Golf as a topic was the choice of research for few different reasons. First of all it is a sport held close to the heart of the author and therefore it was something that was of high interest for a closer inspection. Another good reason to base the research on golf sponsorship was the fact that the operations base both on working with events and organizations as well as individuals. This brings more perspective to the analysis of sponsorship and endorsement options as well as understanding what lies beneath the final decisions. As sponsorships are much more than giving money to a chosen party, it was crucial to understand the prevailing market forces that lie behind sponsorship decisions.

Basing the research on secondary data through comprehensive research from few books, but mainly from journals and articles posted in Internet, was a tough task as lots of information had to be searched from multiple sources with differentiation in source information. This research would have been hard to carry out in any other form. Getting interviews from around the globe from multinational corporations would have been a really hard task that would have taken tremendous amount of time and effort and might have still not worked out as wished. Information and interviews of local sponsoring companies then again would have resulted in totally different understanding of the topic as golf is still in "baby shoes" in Finland on the global scale.

5.1 Findings

One major finding in the research was the amount of information and factors that go behind the final decision making process before initializing a sponsorship agreement with the opposite party. Another thing that was surprising to learn was the fact how big of a portion the sponsorship and endorsement funds actually form of a golf professionals yearly profits.

It was important to understand how much brand loyalty and enhanced image mean to the company and how a company that is enjoying good reputation through an endorsement deal is capable of having such huge setbacks in case the target they sponsor suffers from a sudden loss of respect or has some sort of a breakdown, either on personal or professional level.

Also the level of value delivered by the athlete to the sponsoring company was interesting to learn about. It was an interesting finding that even though Rory McIlroy was the number one player in the golfing world, he delivered the sponsors twice the value in promotional broadcast time compared to what he was paid by the same sponsors. That helped understanding the role of the sponsors better and how making the company visible can really pay back with interest.

5.2 Conclusions

It can be concluded from the research that a major part of the endorsement success and failure stories are based on brand perception and the psychology behind that. When an athlete has a meltdown, the company that is associated with the athlete will also be in a great risk of failure.

Another conclusion is that there are always going to be risks in sports sponsorships, but usually the benefits overcome the risks and therefore make it worth taking part. This was the case with Nike not dropping Tiger Woods even with the scandal taking place.

Time management on the project was bad since the time spent on doing the research was not as extensive as it should have been and work started to pile up. A conclusion has to be made that research is not fully comprehensive on the topic as lots of secondary data was used with many internet articles and that more can be learned about golf endorsements with time is spent on studying more primary data based on published books as well as scientific research about the topic. Additional information could also be gained through the previously mentioned interviews if they were carried out in a professional manner with many precise questions targeting separate parts of engaging into a sponsorship partnership.

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