Maximizing Return on Investment for the University of San Francisco Athletic Department Through Sponsorship

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Abstract

This research report aims to discover the most effective marketing platform to attract and retain sponsors for the University of San Francisco athletic department. Responses were measured from sponsors of the athletic department through conducting interviews. Specifically, 24 sponsors were interviewed via phone, e-mail, and in-person. Our results suggest that respondents want to see marketing platforms such as digital signage and direct marketing, rather than options such as radio. This study will assist the athletic department at the University of San Francisco to hopefully allow for more return on investment and improved sponsorship.

Introduction

Research has shown that revenue in college athletics has grown exponentially in the past decade. For instance, according to Barr, McDonald and Sutton (2000), the National Collegiate Athletic Association (NCAA) generated over $282 million in revenue in 1999. A decade later, Plunkett (2010), noted that NCAA revenue for the 2009-2010 season had increased to $7 billion. According to Mueller and Robert (2008), a significant portion of the aforementioned revenue is a result of money generated through sponsorship dollars. In essence, sponsorship dollars have become the lifeblood of many collegiate athletic departments (Plunkett, 2010). As such, the University of San Francisco athletic department recognizes the need to identify effective techniques in order to attract sponsors. However, a limited budget offers limited solutions to the problem of attracting new sponsors, as well as retaining old sponsors.

Current research does not take into account the unique challenges that the University of San Francisco faces. Marketing a mid-major athletic department in a big city as well as fan apathy are just a few examples of the aforementioned obstacles. These problems coupled with increased scrutiny of the athletic department's expenditures by university officials and the larger community creates the need for new research to find the most effective marketing platforms for smaller budget collegiate athletic departments like the University of San Francisco. Given the current literature on this topic, we have developed the following hypotheses: 1) sponsors will not value radio as an effective marketing platform, 2) digital marketing will be the most attractive marketing platforms to sponsors, 3) improving the brand equity of the athletic department will create more sponsorship opportunities.

The purpose of this study was to delve into what the sponsors were thinking about their investments in the athletic department at the University of San Francisco. We, as researchers, wanted to identify what most sponsors wanted to see developed in terms of marketing platforms and help the athletic department apply these platforms to their marketing strategies. The research design implemented was a cross-sectional exploratory design, and our method was to interview the current sponsors of the athletic department, as well as some of the potential sponsors. This study will use the data gathered to link increased efficiency in marketing platforms to increased ROI. For our purposes, we will measure ROI as revenue gained through sponsorship.

Literature Review

Sponsorship of collegiate athletics has transitioned from a philanthropic activity to a business deal (Abratt, 1987). Keshock (2004) uses the exchange theory to explain the mutually beneficial relationship between a sport property (in this case University of San Francisco) and a given sponsor. The exchange theory functions on the premise that a sport entity can provide a valuable service to a potential sponsor, thus, forming a symbiotic relationship (Keshock, 2004). Increasingly, it is the case that for the sponsor, the value of a sponsorship package is dependent on the “exploitable commercial potential” of the school and the opportunity for a measurable ROI (Wilson, 1997).

Our research explores how improved marketing can increase perceived value of the University of San Francisco athletic department to potential sponsors. An increased focus on the value of the University of San Francisco brand is symptomatic of another significant shift: a property’s brand is now the most valuable commodity an organization possesses (Mueller and Robert, 2008). Vaughn (1980) linked consumer behavior and brand awareness in his Consumer

Behavior Model. This model identifies brand awareness as the first and most critical step in the purchasing process. Building on Vaughn's findings, Aaker (1991) argues that brand awareness is a fundamental branch of brand equity. Additionally, Aaker (1991) defines brand equity as "the set of brand assets and liabilities linked to a brand, its name and symbol, that add to or subtract from the value provided by a product or a service to a firm and/or to that firm's customers" (Aaker, 1991). Brunswick (2005) makes it clear that winning percentage directly affects brand equity of the institution. Thus, he argues that institutions should diversify and choose the best representative so as to increase the efficacy of investments and profits (Brunswick, 2005). In practice, University of San Francisco must identify factors that differentiate itself from other institutions and answer the question that Harris (2008) poses in his paper: How are external audiences able to judge the quality of the institution and its brand?

The dramatic increase in the value of an athletic department's brand has encouraged many marketers to invent creative marketing strategies. Some of these marketing tactics are: "creative ticket pricing and packaging options, themed games, special promotional activities at games, hallmark events, highlighting performance and star players, and incorporating new and emerging technologies" (Barr et al., 2000). Given the circumstances at the University of San Francisco, some of the aforementioned tactics will be more applicable to our research than others. For example, creative ticket pricing may not be an effective strategy because ticket prices are already low at the University of San Francisco.

In 2010, Martin, Miller, Elsisi, Bowers and Hall conducted a survey to determine the most effective marketing strategies for a limited budget program similar to the University of San Francisco. The researchers surveyed 136 Division I-A marketing directors about the most efficient promotional strategies used for their institutions (Martin et al., 2010). According to

Martin et al. (2010), measuring the efficiency of marketing tactics is a challenge since success is dependent on numerous variables such as fans, sponsors, students and faculty. However, Taylor, Lewin, and Strutton (2011) acknowledge criteria for evaluating consumer's general attitudes towards advertising. This provides a feasible method of measuring the effectiveness of implemented marketing platforms. When evaluating the effectiveness of digital marketing, the criteria of "function" as referenced in Handel, Cowley, & Page (2000) must also be considered. Function has to do with the motives behind why an individual watches, listens, or reads advertisements.

Previous studies have identified a link between effective marketing platforms and ROI. Current research, however, lacks an overarching method of evaluation for the efficiency of marketing tactics. This is especially true for small Division-I programs with limited marketing budgets like the University of San Francisco. Studies that did address evaluation tactics tended to focus on professional sports or large Division-I programs.

Methodology

Research Design

This research project employed a cross-sectional exploratory design. Researchers interviewed a total of five potential sponsors and 39 current sponsors of the University of San Francisco athletic department. Potential sponsors were selected from a list provided by Steven Kenyon, the Director of Marketing for the University of San Francisco. In other words, potential sponsors are parties that have shown at least some interest in the possibility of sponsoring University of San Francisco athletics. The primary purpose of the interviews is to obtain data that will allow the researchers to determine which marketing strategies are most valuable to sponsors and brings the most ROI to the athletic department. Interviews were structured so as to help control for consistency.

Method of Data Collection

Data was collected in a one-week span and the task of interviewing was divided between four individual researchers; this was the best option due to time constraints. In-person interviews were the preferred option, but most of the interviews were conducted via phone or e-mail. The interview contained ten open-ended questions. Since different researchers conducted the interviews, each interviewer was instructed to stick to a regimented script. The goal was to ask how and why questions pertaining to the research question. The interview questions were purposely kept generic, so that interviewees could respond to their specific situation in order to understand how the sponsors are thinking and feeling about their respective sponsorship package.

Each interview focused on probing information from participants that would result in the retention of their accounts and/or an increase in their respective contributions to the athletic department. With this in mind, the questions were kept consistent for all of the sponsors but also allowed for an opportunity for the interviewer to ask follow up questions. Because each interviewee responded with slightly different answers, it was imperative that interviewers tracked the data correctly.

Sample

Out of the 39 current and potential sponsors who were contacted, 24 agreed to participate for a response rate of 61 percent. Traditionally, a larger sample size leads to a smaller confidence variable. However, due to the nature of our task, the population we surveyed was both finite and known. Because the number of people to be interviewed was limited according to the restraints outlined above, the goal was to interview all of the parties identified and to have a low sampling error because of the small and specific sample used. Initially, we estimated that we would have a response rate of 90 percent, but due to time restrictions and the fact that some sponsors felt uncomfortable participating, we fell short of our initial estimates.

In a perfect situation, the pool of potential sponsors would be significantly larger as any company currently not sponsoring the University of San Francisco athletic department could be considered a potential sponsor. However, because the research question is focused on obtaining feedback from current sponsors and those who have showed at least a slight interest in future sponsorship, the population interviewed was small. The level of variability was hard to determine so we chose to have a variability level of 50 percent. We had a population comprised of all sponsors so we assumed that 50 percent of our sample were content with the athletic department's marketing platforms, specifically digital media, and that 50 percent would have suggestions or would not be content.

Our level of confidence was high because we attempted to ask all of the sample population available to us, and the information collected is directly from the sponsors and is very specific. The sponsors had the option to not participate in the interviews, and we assured them that their answers would not be shared in our research with their names attached.

Results

As part of the interview process participants were allowed to select multiple answers to the questions being asked. After the data was compiled the results were combed over to determine emergent themes or patterns. For each question, researchers created categories in order to group the participants' responses according to obvious or repeating themes. The researchers then coded the data to prepare it for assessment and to test our hypotheses.

Effective Marketing Strategies

Table 1 displays participants' responses to the question: "Generally, what kind of marketing platforms do you feel are most effective for your company and brand?" The participants' answers were evaluated to gain a solid grasp of what they perceived to be effective marketing for their brand and to establish a scale of those effective platforms. Participants chose digital signage and social/digital media as the two platforms with the highest percentages. This outcome suggests the validity of our hypothesis that sponsors will value digital and social media platforms as an effective marketing mechanism. Word of mouth/PR and print media were tied with 38 percent; radio and events/promotions had the two lowest percentages of support. This information directly relates to our hypothesis that sponsor's do not perceive radio as an effective marketing platform. The data from this question was used to compare how sponsors want to be marketed and what platforms the University of San Francisco are not currently using.

Table 1

Effective Marketing Platforms According to Sponsors

Responses	# of Responses	Percentage
Digital Signage	13	54%
Social & Digital Media	12	50%
Word of Mouth / PR	9	38%
Print	9	38%
Radio	5	21%
Events / Promotions	4	17%

Under-Utilized Marketing Platforms

Table 2 displays the participants' responses to the question: "What kind of marketing platforms is University of San Francisco not currently utilizing that you would like to see?" This question was asked so that the researchers would be able to identify recommendations directly from the sponsors regarding which marketing platforms are being under utilized by the athletic department. Word of mouth/PR had the highest response rate with nine selections for 38 percent of the total responses. The fact that sponsors felt that word of mouth/PR was the most under-utilized platform is especially interesting because sponsors identified it as one of the most effective marketing platforms. The least chosen option was social/digital media, which suggests that sponsors think the athletic department is proficient in this area. Additionally, the data from this question will enable the researchers to evaluate the effectiveness of the athletic department's current efforts from the point of view of the sponsors.

Table 2

Under-Utilized Marketing Platforms for the University of San Francisco.

Responses	# of Responses	Percentage
Word of Mouth / PR	9	38%
Signage	6	25%
E-mail	5	21%
Social media/digital media	4	17%
Other	2	8%

Sponsor Motivations

Table 3 displays the participants' responses to the question: "What attracted you to sponsor University of San Francisco athletics?" The purpose of this question was to gauge what initially attracted sponsors to sponsor University of San Francisco athletics. In other words, we were looking to determine sponsors' motivations. The data shows that an existing personal connection was a significant motivating factor when deciding whether or not to become a sponsor, 83 percent of participants identified personal connection as an element that initially attracted them. Surprisingly, Muller and Robert's (2008) assertion that brand is a property's most valuable commodity was weakened because sponsors did not identify it as especially important. The sponsor motivation data was analyzed in conjunction with the data regarding sponsors' opinions on which marketing platforms are most effective to ascertain effective strategies for attracting potential sponsors in the future.

Table 3

Sponsor Motivations

Responses	# of Responses	Percentage
Personal Connections	20	83%
Captive Demographics	11	46%
Community Outreach	8	33%
Shared Values	6	25%
Chance for Partnership	4	17%
Brand Engagement	3	13%
Continued Sponsor	3	13%
Location in San Francisco	2	8%

Activations Prompting Sponsors to Move to Higher Tiers of Sponsorship

Table 4 displays the participants' responses to the question: "What types of activations would prompt you to move to higher tiers of sponsorships?" The question was asked to discover ways to bring more ROI to the athletic department. The most common response was that sponsors were content with their activation (42 percent), while the least common response was activations using social/digital media (4 percent). Not a single sponsor indicated that more radio programming or advertising would prompt them to move to a higher tier of sponsorship, thus, lending validity to our hypothesis that sponsors do not value radio as an effective marketing platform. This data will be used to discuss and correlate what type of marketing platforms can be offered and what improvements can be made to platforms currently being utilized by the athletic department.

Table 4

Activations For Potential Higher Tier Sponsorships

Responses	**# of Responses**	**Percentage**
Content As Is	10	42%
Better ROI	8	33%
Partnership	7	29%
Visibility Across All Sports	6	25%
Social / Digital Media	1	4%

Discussion

Using Keshock's (2004) exchange theory, we can measure the perceived value of radio marketing in terms of ROI from the point of view of the sponsors. Wilson (1997) notes that for a given sponsor the value of a sponsorship package hinges on the sponsor's perceived value of the "exploitable commercial potential" of the product. Thus, this study attempted to determine a connection between what marketing platforms sponsors think are valuable and the current marketing practices of the University of San Francisco athletic department. According to the Marketing Director of the University of San Francisco athletic department, 90 percent of the department's marketing budget is currently being spent on local radio programming and advertising. The fact that the department spends a large portion of the marketing budget on radio implies that the athletic department places significant value on this type of marketing. However, the results of this study show that when asked, the majority of sponsors interviewed did not identify radio as an effective marketing platform for their company or brand: only five out of 24 sponsors (20 percent of responses) selected the radio platform. One sponsor epitomized this sentiment stating, "Radio doesn't give me a good tool to measure return on investment for my business so I stay away from it if possible." Admittedly, there are some limitations that are associated with the fact that sponsors did not identify radio as an effective platform. First of all, the researchers do not have all the pertinent information as to why the athletic department spends $90,000 of their budget on radio advertising. The implementation of radio as the primary marketing platform could be due to information we are not privileged to. Or, perhaps radio programming fills a significant need for the athletic department outside of the realm of sponsorship.

Digital media was also identified as an effective marketing platform. Half (12 out of 24) of the sponsors interviewed selected it as an answer to the question: What kind of marketing platforms is University of San Francisco not currently utilizing that you would like to see? Digital signage was identified as the most effective form of marketing, but 25 percent of those interviewed said that they felt that the University of San Francisco is not effectively utilizing digital signage. Additionally, sponsors identified word of mouth/PR as a highly effective platform, however, according to the data word of mouth/PR was identified as the most under-utilized marketing platform by the University of San Francisco. Thus, the platforms sponsors viewed as most important (digital signage and PR) also tended to be the platforms that sponsors felt that the athletic department was not utilizing. The results pertaining to word of mouth were surprising because there was not much literature on this particular topic in college athletics. As researchers, we hypothesized that digital marketing, which may include social media, would be preferred by sponsors because it would reach more people and increase brand equity quickly and vastly, thus making it one of the most cost efficient and effective platforms. One possible reason for our hypothesis to be rejected is that some sponsors may desire a personal connection to the school or department more than their desire for a relationship based on ROI. Another reason could be that the data shows that 1/3 of sponsors are driven by results, which lends further support to the fact that they do not favor social/digital media because it is difficult to provide tangible ROI for this platform.

Vaughn (1980) pointed out that effective marketing strategies could help to increase brand awareness which in turn could help increase brand equity. Building off Mueller and Roberts (2008) assertion that the brand is a company's most valuable commodity, we hypothesized that increasing the athletic department's brand equity would lead to more sponsorship opportunities. However, our data somewhat challenges this assumption. When sponsors were asked what first attracted them to sponsor the athletic department, a significant portion of sponsors (83 percent) identified an "existing personal connection to the university" as the main motivating factor. One individual interviewed divulged that she started sponsoring University of San Francisco because her husband had played baseball at the university. A similar sentiment was conveyed in the testimony of a sponsor that stated, "I am happy with the sponsorship despite the fact that I did not make any money last year. I just want to help the school." These results stand in contrast to Abratt's (1987) assertion that sponsorship has shifted from a philanthropic activity to strictly a business venture. The fact that personal connection to the university is such a significant factor when choosing to sponsor athletics suggest that the

University of San Francisco should target alumni and those with a previous connection to the university when selling sponsorship packages.

Our final analysis focused on determining factors that would entice sponsors to upgrade their current sponsorship package. Wilson (1997) highlighted the correlation between measurable ROI and perceived value of a commodity. To test this theory we asked sponsors what types of activations, if any, might prompt them to commit to a higher tier of sponsorship. Of the 24 participants interviewed, eight sponsors identified increased ROI as an important factor in convincing them to invest more money. In asking this question, we hoped to establish a framework for determining value from the perspective of the sponsor.

This study had its limitations. A major limitation was the limited time frame to gather data. The number of interviews and the sample size were constricted because of the timeliness of the study. Another limitation of the study was that sometimes it takes time for the participant to gain trust with the researcher to answer the questions to the best of their knowledge. Answers for the interview questions could have been too direct for the sponsors to answer fully. This could explain the honest and neutral answers provided to specific questions in the interview. Another limitation is that many of the sponsors did not follow their sponsorship for the University of San Francisco Athletics. This limitation led to confusion because there was no scale to base performance of the athletic department in terms of sponsorship.

Recommendations

The results that we obtained from current and potential sponsors of the University of San Francisco athletic department show that most of the interviewed sample valued digital signage and media and marketing by word of mouth/PR rather than radio. The results also showed that the University of San Francisco has the potential and ability to attract and retain sponsors, thus more ROI through using alternative strategies and not radio to lure sponsors. We suggest that the University of San Francisco Athletic Department utilizes marketing platforms such as the ones mentioned above. From many sponsors' perspectives, marketing for the department should not be solely radio-based.

The sponsors spoke clearly regarding their current or potential sponsorship experiences. One of the common additional comments that some sponsors made at the end of the interviews was that communication was lacking between sponsors and the athletic department. Our suggestion is that the athletic department conducts further research on how they can effectively allocate resources for using digital and word of mouth marketing. Every sponsor of the university has unique needs that are not always met by using radio as a marketing platform, and if other platforms were utilized, more ROI may be had by the University of San Francisco through sponsors willing to invest more.

Conclusion

Even though the survey conducted by Martin, Miller, Elsisi, Bowers, and Hall suggested radio advertisements was one of the most successful marketing strategies for the athletic department according to 136 Division I-A marketing directors (Martin, et al., 2010). Our research found that digital signage and social/digital media were the top two choices among sponsors for the University of San Francisco in terms of the most effective marketing platforms. Additionally, sponsors noted that in their opinion, digital signage could be more functional if utilized more effectively. Sponsors also valued word of mouth/PR as an effective activation tactic. Since improving brand awareness is important to attract and retain sponsors, the University of San Francisco should foster close relationships with its alumni and people with personal connections to the school. This population represented a significant portion of the interviewed parties. These findings may also be applicable to other small Division-I programs with limited budgets. Moreover, if athletic departments similar to the University of San Francisco would like to apply our research, then it is recommended that they conduct research on their own to gain a clearer and more practical understanding of the specific challenges regarding sponsorship that their department may face. This will hopefully lead to solutions that will result in improved ROI through sponsorship. An extension of this research would determine a model to effectively measure the tangible value of available marketing platforms.

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