

CITY UNIVERSITY OF HONG KONG

香港城市大學

**Modification of Values
for Investment Companies at Big Events**

贊助大型活動對公司的價值轉變

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ABSTRACT

Event sponsoring has grown in importance as a marketing platform for international corporations due to increasing media coverage and a high public interest in top professional sports. Studies assessing the corporate value effect of sponsoring from the perspective of the sponsors quantitatively however are long and far between. Reliable measurement instruments for the economic contribution of sport sponsoring to corporate success are missing widely.

The study poses the following research questions intending to close this research gap:

- a. Which value categories are influenced by event sponsoring?
- b. How can value changes be measured, for instance in comparison to non-sponsoring competitors or a reference index?
- c. What are the expected direction and the maximum or minimum effect of the sponsoring project?
- d. What is the timeframe of the sponsoring effect?

Ad a. Based on a literature review the study identifies brand value and stock market value as relevant measures for the assessment of sport sponsoring effects at the sponsor.

Ad b. The thesis develops an integrative methodology to assess the stock price and brand value effect of sport event sponsoring quantitatively and dynamically. It employs a multi-item framework to statistically determine the change of the sponsors value as compared to non-sponsoring reference companies in the short (event +/-14 days) and long (event -90/+180 days) environment of the FIFA World Cup.

As detailed in section 2.4 (research gaps) hardly any comprehensive studies on the combined short and long as well as stock and brand value effects of sport sponsoring are available at all.

Previous studies on stock market effects usually analyze the effects immediately during or only few days after the events (Krasnikov et al., 2009; Deitz et al., 2013; Hanke & Kirchler, 2013; Ehemann & Gronau, 2012; Chatrath & Wengler, 2009). This limited approach results from difficulties of extracting a long term performance parameter for stock price development. My study has bridged this gap, by choosing a significant time

frame based on exploratory research and by analyzing returns related to exactly this time frame.

Studies on brand value effects partly refer to consumer and corporate surveys. These suffer from exactly the difficulties under question 1 of this proposition (Scheuerle, 2008, Schwaiger, 2001, Riedmüller, 2007). Case studies are not statistically representative (Gollek, 2004; Nufer & Förster, 2010, Sahin & Rennhak, 2011). My study is the first to use the Interbrand index systematically for an extended sample of sponsors and non-sponsors.

The choice of the time span, as argued for question 2 of this proposition, is founded empirically in the choice of the main viewing periods and its verification for select sponsor/non-sponsor pairs.

Ad c. The study finds that sponsoring unequivocally increases sponsors' brand value as compared to the global development of the Interbrand index as well as compared to specific reference-companies. Concerning the stock price effects the results are divided: Some sponsors benefit from World Cup sponsoring as compared to representative non-sponsors in the long or short observation period, some do not.

Ad d. If a company develops very well as a whole, the sponsoring effects in the World Cup environment cannot be clearly separated from other fundamental or speculative influences. Positive World Cup sponsoring effects on stock and brand value results for companies whose products are directly related to the games or consumption during the events. For companies distributing short term consumption goods effects in the immediate vicinity of the World Cup tend to dominate, while long-term price effects are more relevant to more stable consumer goods. The discontinuation of successful sponsorship commitment can cause a slump of stock and brand value development in the short and long World Cup environment, unless the company succeeds to benefit from ambush marketing effects.

As a whole the success of sponsoring depends on the fit of the corporate philosophy and general marketing strategy with the World Cup sponsoring engagement. The time frame of the effect differs depending on the corporate strategy.

The study advises managers to draft or revise their sponsoring approach with regard to these insights. Existing sponsors, should, even when they observe no immediate stock price increases due to sponsoring, stick to their commitment, if no suitable ambush marketing effects can be expected, since similar corporate sponsors are missing. Prospective sponsors should before they enter the costly commitment ensure that a high fit between business philosophy, marketing strategy as a whole and the sponsoring commitment exist. Sponsors should plan their activities for the long term, since positive stock and brand value effects frequently unfold after several World Cup periods only. From an academic perspective the study provides a novel comprehensive measurement approach for event sponsoring success in the short and long run. The methodological mixed method approach of quantitative stock price and brand value analysis is applicable to a broad range of event-based scenarios.