SEGMENTING SPORTING EVENT AUDIENCES FOR INCREASED SPONSORSHIP EFFECTIVENESS

DENNIS A. PITTA, University of Baltimore
VELITCHKA D. KALTCHEVA, Loyola Marymount University
ANTHONY D. PATINO, University of San Francisco
RICHARD C. LEVENTHAL, Ashford University

In this research undertaken at the 2013 Baltimore Grand Prix, a representative sample of 395 race spectators was selected to complete a questionnaire assessing their sponsorship awareness (unaided recall of the event’s sponsors) and their intentions to purchase sponsors’ brands. A finite mixture model identified five spectator segments: Enthusiasts, Moderates, Selectives, Non-Enactors and Apathetics. Correspondence analysis revealed demographic and psychographic differences among the segments. Four of the five segments were identified as potentially promising for sponsors, and specific strategies for targeting these four segments are discussed.

INTRODUCTION

Comcast and the NFL, Anheuser Busch and MLB, Reebok and NHL—these formidable relationships symbolize the power of sponsorship in today’s sports marketplace (IEG, 2015). Sponsorship is defined as a cash and/or in-kind fee charged by properties—such as sports, entertainment or non-profit events or organizations—in return for access to the commercial potential of the property (IEG, 2000). Sponsorship-linked marketing involves “the orchestration and implementation of marketing activities for the purpose of building and communicating an association to a sponsorship” (Cornwell, 1995, p. 15). As media tastes have evolved, businesses have added events to their marketing campaigns in order to attract consumers’ attention and boost their brands (Gwinner & Eaton, 1999). Sporting events represent opportunities for brands to reach target consumers engaged in leisure activities that are entertaining and exciting (Heitsmith, 1994). The level of consumer engagement distinguishes sporting event viewers from viewers of less engaging content. Reflecting its increased economic value, sports sponsorship has grown dramatically over time (Cornwell, 2008). According to the IEG 2015 Sponsorship Spending Report, sports sponsorship in 2015 is anticipated to grow by 4.4% over 2014. In fact, sports sponsorship spending in North America is projected to reach $15 billion in 2015 (IEG, 2015).

One of the most frequent criticisms of the sponsorship industry has been the lack of attention to measuring sponsorship effects in relation to the investments made (Olson, 2010). “Traditionally, companies investing in sponsorship relationships as part of the corporate communication mix learnt from experience, over time, how to manage their sponsorship properties. But, as the size of sponsorship deals has grown and their strategic importance for marketing communications increased, it has become more urgent for marketers to deliver value from these investments” (Verity, 2002, p. 161). Despite the limited ability to measure sponsorship effects (Crompton, 2004), various proven marketing techniques could be implemented for improving sponsorship effectiveness. One such strategy would be to segment audiences at sporting events and pinpoint consumer segments that would yield the greatest return for sponsors (Dwyer & Yongjae, 2011). Zeithaml, Rust, and Lemon (2001) suggest that sponsors should evaluate each customer on his or her lifetime customer value and court the customers with high scores, ignoring those with low scores. Sponsors that focus on lifetime customer value can use it as a means for increasing profitability, success and efficiency (Lemon & Mark, 2006).

Segmentation of sporting event audiences has been based primarily on the spectators’...
experiences at the event (Bouchet, Bodet, Bernache-Assollant, & Kada, 2011; Gi-Yong & Hardin, 2008; Pons, Mourali & Nyeck, 2006; Prayag & Grivel, 2014). However, in order to generate insights that would be helpful to sponsors in improving sponsorship effectiveness, audience segmentation needs to be based on critical outcome variables for sponsoring companies. Two such outcome variables identified by sponsorship research are: sponsorship awareness, defined as the audience’s awareness of the sponsorship relationship (Verity, 2002), and intention to purchase sponsors’ brands (for a review see Olson, 2010). Our exploratory research has two objectives: (1) We segment the audience at a sporting event using sponsorship awareness and purchase intentions as the bases for segmentation, and (2) We identify audience segments that offer the highest economic potential for sponsors.

MARKET SEGMENTATION AND SPORTS EVENT AUDIENCES

Recognizing that all customers are not alike is the underpinning of market segmentation. Market segmentation strategies are defined as management strategies which use information about market segments in designing products and creating advertising that appeal to those segments (Dickson & Ginter, 1987). The use of market segmentation has often been the subject of investigation in various areas of marketing, including advertising (Dubow, 1992; Stanley, Moschis, & Danko, 1987), product development (Kimiologlu, Nasir, & Nasir, 2010), and consumer behavior (Hauser, Orr & Daugherty, 2011). Segmentation research has focused on studying the bases for segmenting consumers such as demographic, psychographic, usage and benefits-sought variables, and it has affirmed that businesses should not serve every customer segment (Dickson & Ginter, 1987; Kimiloglu et al., 2010).

Prior research of sporting event spectators has employed experiential bases for segmentation such as motivation and social interaction (Pons, Mourali & Nyeck, 2006), emotional attachment and motivation (Hunt, Bristol & Bashaw, 1999; Koo & Hardin, 2008), motivation, satisfaction and behavioral intentions (Prayag & Grivel, 2014), and the consumption experience (Bouchet et al., 2011). For example, Koo and Hardin (2008) developed a segmentation scheme based on emotional attachment and motivation. They defined emotional attachment as the level of engagement a fan may have with the sport, the team, or the players. Differences in emotional attachment were used to create two segments: spectators and fans. Nine motivations were identified based on psychological and socio-psychological needs. For example, one motivation was vicarious achievement, defined as being part of the team; another motivation was escapism, representing the use of the sporting event as a way to forget personal issues. Prayag and Grivel (2014) identified four clusters of sporting event participants based on their motivations to participate in the event: Indifferent, Enthusiast, Socializer and Competitive. The four segments were further profiled by socio-demographics, overall satisfaction with the sporting event, and intentions to revisit and recommend the event.

Recently marketers have been placing more emphasis on segmenting customers based on their value to the firm (Mark et al., 2013; Moe & Fader, 2009; Zeithaml et al., 2001). To our knowledge, no prior research has segmented sporting event audiences based on variables that create value for sponsoring companies. In this research, we employ sponsorship outcome variables—(1) sponsorship awareness and (2) intentions to purchase sponsors’ brands—to segment the audience at a motor sporting event. We selected these two variables as bases for segmentation because of their importance for sponsorship effectiveness (for a review see Olson, 2010). Increasing purchase intentions and encouraging purchase loyalty toward sponsors’ brands are principal objectives of sponsorship activities and the focal criterion in assessing sponsorship effectiveness (Alexandris, Tsaousi, & James, 2007; Close, Finney, Lacey, & Sneath, 2006; Martensen, Grønholt, Bendtsen, & Juul, 2007; Verity, 2002).

Sponsorship awareness is defined as the audience knowing of the sponsorship relationship (Verity, 2002). Typically, sponsorship awareness has been measured using unaided sponsor recall or sponsor recognition (Tripodi, Hiron, Bednall,
Sutherland, 2003). Greater sponsorship awareness has been found to have a positive impact on sponsor image (Grohs, Wagner, & Vsetecka, 2004) and purchase intentions (Irwin, Lachowetz, Comwell, & Clark, 2003; Verity, 2002). Pope and Voges (1999) found that consumers who already purchase and use a brand are more likely to be aware of the brand’s sponsorship relationships. In the next section, we describe a segmentation study in which we use a finite mixture model to segment the 2013 Baltimore Grand Prix audience.

STUDY

Sample and Measures

Our sample includes 395 spectators at the 2013 Baltimore Grand Prix which was held between August 29 and September 1, 2013 in Baltimore, Maryland. Sample demographics are displayed in Table 1. The sample is representative of Grand Prix audiences in the United States. (Van Der Lugt, 2015).

Five researchers collected data on each of the three days the Grand Prix races were held (Friday, Saturday and Sunday). Each researcher was randomly assigned to a different area of the race (the stands, food court, children’s play section, etc.). Thus, data was collected at five different areas at once, and throughout the duration of the study a wide range of different areas was used. The researchers were alternated among areas several times per day. Special care was taken that approximately the same number of surveys was collected from each area. Grand Prix spectators were approached and asked if they would be willing to participate in a study of the Grand Prix. Those who responded in the affirmative were handed a paper-and-pencil survey. The researcher waited some distance away while the respondent completed the survey, so as not to interfere with the respondent.

Sponsor awareness was measured by asking respondents to name the presenting sponsor and then list other sponsors they can recall. On average, respondents recalled 2.46 sponsors, ranging from a minimum of 0 to a maximum of 8 (standard deviation = 2.02). The presenting sponsor was correctly identified by 186 respondents (47%). Purchase intentions were evaluated by having respondents rate their agreement with the statement, “I am more likely to purchase brands from Grand Prix sponsors because of their association,” on a four-point Likert scale anchored at 1 - “Strongly disagree” and 4 - “Strongly agree” (mean = 3.04 / 4.00; standard deviation = .80). Additionally, respondents indicated how frequently they attend motor sports events (“First time,” “0-1 event per year,” and “2 or more events per year”) and completed demographic questions (see Table 1).

<table>
<thead>
<tr>
<th>TABLE 1: Sample Demographics</th>
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<tbody>
<tr>
<td><strong>Gender</strong></td>
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<tr>
<td><strong>Age</strong></td>
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<tr>
<td><strong>Marital Status</strong></td>
</tr>
<tr>
<td><strong>Ethnicity</strong></td>
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</tbody>
</table>
TABLE 1: Sample Demographics (Cont’d)

<table>
<thead>
<tr>
<th>Education</th>
<th></th>
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<tbody>
<tr>
<td>Some High School</td>
<td>10 (3%)</td>
</tr>
<tr>
<td>High School</td>
<td>24 (6%)</td>
</tr>
<tr>
<td>Some College / Technical / Vocational</td>
<td>76 (19%)</td>
</tr>
<tr>
<td>Four-Year College</td>
<td>106 (27%)</td>
</tr>
<tr>
<td>Post Graduate</td>
<td>89 (23%)</td>
</tr>
<tr>
<td>Prefer not to answer</td>
<td>90 (23%)</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Annual Household Income</th>
<th></th>
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<tbody>
<tr>
<td>Less than $25,000</td>
<td>18 (5%)</td>
</tr>
<tr>
<td>$25,000-$49,999</td>
<td>42 (11%)</td>
</tr>
<tr>
<td>$50,000-$74,999</td>
<td>74 (19%)</td>
</tr>
<tr>
<td>$75,000-$99,999</td>
<td>51 (13%)</td>
</tr>
<tr>
<td>$100,000-$124,999</td>
<td>50 (13%)</td>
</tr>
<tr>
<td>$125,000+</td>
<td>88 (22%)</td>
</tr>
<tr>
<td>Prefer not to answer</td>
<td>72 (18%)</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Frequency of attending motor sports events</th>
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</tr>
</thead>
<tbody>
<tr>
<td>First time</td>
<td>107 (27%)</td>
</tr>
<tr>
<td>0-1 events per year</td>
<td>101 (26%)</td>
</tr>
<tr>
<td>2 or more events per year</td>
<td>156 (39%)</td>
</tr>
<tr>
<td>Prefer not to answer</td>
<td>31 (8%)</td>
</tr>
</tbody>
</table>

Note. Total percentages may differ from 100% due to rounding error.

Results

First, we identified classes within the Grand Prix audience based on the number of sponsors recalled (mean = 2.46; standard deviation = 2.02) and intention to purchase sponsors’ brands (mean = 3.04 / 4.00; standard deviation = .80). Hierarchical agglomerative clustering procedures and the K-means algorithm assume clusters having equal spherical covariance matrices (that is, the same within-cluster variances in all directions and across clusters) and identical sampling probabilities, whereas finite mixture models relax these assumptions (Malthouse, 2013). A finite mixture model was evaluated in XLSTAT, Version 2015 1.01 because there was no reason to expect that any classes would be identical in size and shape. Further, finite mixture models account for correlations among the classification variables. In our sample, the correlation between the two classification variables (the number of sponsors recalled and purchase intentions) was .14.

The best mixture model was found to be a five-class VEV (variable volume, equal shape, variable orientation) model, suggesting that the classes are similar in shape (equal shape) but vary in size (variable volume) and the correlation between the classification variables (variable orientation) (Malthouse, 2013). Table 2 shows what percentage of the audience is accounted for by each class as well as the five class profiles along purchase intentions and the number of sponsors recalled (see also Figure 1). The classes differ in size: the largest class—the Moderates—includes 48% of the Grand Prix spectators, followed by the Apathetics (21%), the Selectives (15%), the Enthusiasts (8%) and the Non-Enactors (7%).

The shape of the classes is determined by the variances of the classification variables. If the two classification variables have similar variances, the class would have an approximately spherical shape. The class would be represented by an elliptical shape if one of the classification variables has a higher variance than the other (Malthouse, 2013). The purchase intentions variable has a higher variance than the number of sponsors recalled in each of the five classes (Table 2), thus all classes have a similar elliptical shape. Purchase intentions and the number of sponsors recalled are highly correlated in the Moderates and Non-Enactors classes, and uncorrelated in the other three classes (Table 2). This correlation implies that spectators in the former two classes (Moderates and Non-Enactors) who recall more sponsors are also more likely to purchase sponsors’ brands.

The Apathetics class accounts for 21% of the Grand Prix audience. They recall few sponsors ($M = 1.96$) and are unlikely to purchase sponsors’ brands ($M = 2.00$). Similar to the Apathetics, the Non-Enactors (7%) are unlikely to purchase sponsors’ brands ($M = 2.12$); however, they recall the greatest number of sponsors among all classes ($M = 4.70$). Namely, this segment embraces the commercial facet of motor sports (high sponsor recall rate) but does not act upon this sponsor awareness. The Moderates are the largest class (48%). Their sponsor recall ($M = 2.67$) and purchase
intentions ($M = 3.16$) are closest to the sample averages. The Moderates and the Non-Enactors are similar in that both classes are characterized by a positive correlation between the two classification variables, suggesting that the more sponsors these Grand Prix spectators recall the more likely they are to purchase sponsors’ brands. The Selectives (15%) have the lowest recall rate, on average recalling less than one sponsor ($M = .95$); however, this segment exhibits a high level of purchase intentions for the few recalled brands ($M = 4.00$). The Enthusiasts (8%) are the opposite of the Apathetics, displaying both high sponsor recall ($M = 3.27$) and high purchase intentions for sponsors’ brands ($M = 4.00$).

After identifying segments (classes) within the Grand Prix audience, we conducted correspondence analysis in order to examine possible differences among the segments regarding gender, frequency of attending motor sports events, and ability to correctly name the presenting sponsor of the 2013 Baltimore Grand Prix. Correspondence analysis is an increasingly popular interdependence technique for analyzing contingency tables and identifying relationships among objects and/or
variables, which are simultaneously plotted on a map based on their association (Hair, Black, Babin, & Anderson, 2010). The results of the correspondence analysis are displayed in Figure 2.

The Enthusiasts are predominantly males who attend motor sports events multiple times a year. They are also most likely to correctly identify the presenting sponsor. The Moderates and the Non-Enactors are more likely to be female. These two segments include fans that attend motor sporting events multiple times a year as well as first-time motor sports attendees. On average, the Apathetics attend one or fewer motor sporting events per year, while the Selectives are likely to attend multiple events annually.

**MANAGERIAL IMPLICATIONS**

This research contributes to the literature on segmenting sporting event audiences by employing outcome variables (sponsorship awareness and purchase intentions) as bases for segmentation, thus identifying segments that offer high economic potential for sponsors. Our segmentation analysis identifies the Enthusiasts and the Selectives, who together account for 23% of the Grand Prix audience, as the two most valuable segments for sponsors. These two segments report the highest purchase intentions as measured by their agreement with the statement “I am more likely to purchase brands from Grand Prix sponsors because of their association.” Sponsors can target the Enthusiasts and the Selectives by appealing to

**FIGURE 2:**
Correspondence Analysis
fans who attend multiple motor sporting events per year. Effective strategies for targeting these regular motor-sports spectators may incorporate loyalty programs providing discounts and other incentives to purchase sponsors’ brands based on the number of events attended. These loyalty programs should offer not only monetary promotions but also incentives that engage these fans by recognizing and affirming their special status. Special arrangements granting an opportunity to meet pit crews and driving teams at sponsors’ venues (retail stores, restaurants, etc.) would probably be very effective in cementing the loyalty of these two segments and perhaps persuading them to make more purchases. Another technique for increasing traffic at sponsors’ venues would be to offer event T-shirts and/or other event merchandise at sponsors’ venues, thus enticing Grand Prix fans to frequent those venues.

The Enthusiasts and the Selectives are similar in that both groups report a high level of purchase intentions. However, unlike the Enthusiasts, who embrace sponsors’ brands both cognitively (the highest sponsor recall rate) and behaviorally (high purchase intentions), the Selectives recall few sponsors’ brands. Perhaps, if these spectators became aware of more sponsors’ brands, they would be likely to purchase more brands. Thus, a specific objective in targeting the Selectives (which would not apply to the Enthusiasts) would be to make them aware of more sponsors’ brands. Informational messages that introduce less recalled sponsors, or contests encouraging participants to use these sponsors’ products, would serve to introduce the Selectives to more sponsors. For example, contests may require participants to make videos involving sponsors’ brands or suggesting new uses and use occasions for sponsors’ products. Another vehicle would be encouraging sponsors to create exhibits at the event that increase spectators’ engagement with the sponsor through trial and other multisensory opportunities (Spence & Gallace, 2011).

Note that the Enthusiasts and the Selectives collectively account for 23% share of the target market. Their share mirrors traditional marketing principles regarding segment attractiveness and the Pareto Principle. The Pareto Principle, which has been used in various aspects of marketing, states that a small subset of customers (20%) is responsible for 80% of the sales (Brynjolfsson, Hu & Simester, 2011). However, the literature warns against restricting promotional efforts only to the top 20% of customers (Sanders, 1987). Such strategy would likely be suboptimal as related to motor sports audiences, as suggested by our findings.

We identify two other promising segments—the Moderates (48%) and (to a lesser extent) the Non-Enactors (7%)—which offer a significant potential for growth. Both these segments involve predominantly women. Half of these women attend motor sporting events multiple times a year and the rest are first-time motor sports attendees. What makes the Moderates and the Non-Enactors especially important for sponsors and event organizers is that the two segments account for more than 50% of the audience and are characterized by a high correlation between the number of sponsors recalled and the intentions to purchase sponsors’ brands. This high correlation implies that Grand Prix sponsors and organizers may be successful in strengthening purchase intentions for sponsors’ brands by making spectators more aware of the events’ sponsors. A potentially effective strategy for targeting these two segments would be developing communications and promotions with the objective of making these female fans more knowledgeable of the events’ sponsors. Informational strategies similar to those proposed for the Selectives can be implemented here as well.

Separate communication strategies should be designed for first-time female motor sports attendees, and for female fans who attend multiple events per year. What kind of communications would welcome spectators with comparatively little experience with motor sports? One solution could be ‘educational.’ These communications should be crafted on a level that introduces newcomers to the nature and scope of motor sports and sponsors’ brands, providing essential background information that otherwise could be gained by lengthy experience with the sport. An important component of such communications would be a matter-of-fact delivery, free of jargon and ‘inside information.’ These messages may feature female spokespeople, thus making
newcomers more comfortable with the self-perception of being motor sports fans, piquing their interest and gaining repeat attendance. Special focus needs to be placed on acquainting these new fans with as many sponsors’ brands as possible, emphasizing various uses and benefits of the brands for the consumer. The use of exhibits and other multisensory options may serve as pathways for developing stronger engagement (Spence & Gallace, 2011).

A different communication strategy should be developed to target female fans who attend multiple motor sporting events per year. Contests that involve tasks and activities requiring more in-depth knowledge and experience with motor sports could be especially effective. Such contests should offer exciting opportunities for these fans to test their expertise and commitment to motor sports as well as exposing them to as many sponsors’ brands as possible. It is important that participants’ expertise and commitment are challenged as well as reaffirmed, at the same time increasing their interest and purchase intentions for sponsors’ brands.

Both the Moderates and the Non-Enactors seem to embrace the commercial facets of motor sporting events, as evidenced by their high rate of sponsor recall, but the Non-Enactors are less likely to purchase sponsors’ brands. Further research is needed to identify the reasons why Non-Enactors are less likely to make purchases. For example, if limited disposable income is the reason, then sales promotions offering various pricing bundles or other deals are indicated as an effective tool for yielding greater sales from the Non-Enactors. The Apathetics attend motor-sports events less frequently than other segments, and exhibit relatively low levels of purchase intentions and number of recalled sponsors. For these reasons, the Apathetics offer less commercial opportunity, making them less attractive for sponsors and event organizers.

LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

A limitation of this research is that our segmentation is based only on Baltimore Grand Prix audiences, and the five segments identified by our study may not extend to audiences of other sporting events. Future segmentation analyses need to be performed for a wide variety of different sporting events and different engagement levels. Varying levels of spectator engagement with a sporting event might impact the segmentation of the event audience; nonetheless, our research did not measure spectators’ engagement directly. We evaluated it indirectly, using the number of times respondents attended a motor-sports event per year as a proxy for engagement. Future research may assess engagement directly, potentially yielding a more accurate segmentation scheme of sporting event audiences.

Another limitation of this study is that we did not measure participants’ attitudes toward the 2013 Baltimore Grand Prix sponsors prior to their completing the survey. Such data would have allowed us to better understand participants’ responses to the sponsor recall and purchase intentions measures. In addition to collecting prior attitude data, future studies could follow up with survey respondents several weeks after the event, and evaluate their ability to properly identify sponsors and their purchase intentions at that time, thus providing valuable insights into the effects of sponsorship over time. Also, it would be important to compare the sponsorship awareness and purchase intentions of the spectators at the event to those who view the event on television. Does sponsorship have the same effect, or even a more pronounced effect, on television where viewers can also see commercials from the sponsors?

REFERENCES


Segmenting Sporting Event Audiences . . .


