

Sample solution Exercise 2: The sponsorship-linked marketing management process

Task #1

Please prepare the following case study: Nivea's sponsorship planning.

In the case of sponsoring the German Gymnastics Association, please answer the following questions:

(1) Situational analyses: Please analyze NIVEA's current situation as regards the whole market and the competition within the market. Do the brand's existing sport sponsorships make sense? Please explain your line of arguments.

- Analysis of the current situation as regards the whole market: Today, NIVEA is a strong brand. The products can be bought in 108 countries worldwide with a brand awareness of 93%. In 46 countries, NIVEA is the market leader in providing skin care products. In Europe, Beiersdorf is the leading skincare company. The results of market research help NIVEA create and develop an up-to-date and relevant portfolio of products. However, the data also show that there is some potential to grow for NIVEA: Market penetration (meaning that the company uses the marketing mix instruments to leverage existing products for existing target groups) may serve the goal to become market leader in those countries where the company is a follower (not a leader). Also, the company may use strategic market development (meaning that it enters markets that have not been served until today) and product development (meaning that it further extends the product portfolio to serve the needs of the target groups customers that they already have). This implies that NIVEA has still the chance to acquire more (new) customers buying more (new) products. Since the brand has high reputation and is trusted worldwide, NIVEA should profit from the strong brand name when using these strategic instruments (i.e., the market penetration, the market development, and the product development; they can also be used simultaneously).
- Analysis of the current situation as regards the sponsorship and evaluation of the current sport sponsorship portfolio: (1) Market
The case study description mentioned the sponsorship of the FA in England, the English national team, and one sports team in France (Paris Saint-Germain). As a global brand, NIVEA wants to reach target groups all over the world. Bearing this broad geographical focus in mind, the sport sponsorship of the FA makes sense, because the league is the most prominent football league in the world. However, fans do not follow the team as much as other teams. Still, the team competes on a global level (e.g., World Cup, European

Cup) and has the potential to reach target groups around the globe. Paris Saint-Germain is an up-and-coming French football team that has bought many good players in order to be more competitive in the Champions League. This may also contribute to reaching target groups all over the world. In general, football is the most prominent sport in the world. This also helps position the brand in a global context and make sure that the brand can communicate with the target group effectively (meaning that the market is receptive to the sponsorship). However, in some countries, football is less prominent than other sports. This is why NIVEA should be recommended to enlarge the portfolio by sponsoring entities in other areas than football (and this is what NIVEA actually does: For example, NIVEA also sponsors entities in rugby, formula one, and beach volleyball, as will be outlined below). The way NIVEA reaches target groups via sport sponsorship is described by brand manager Ralph Gusko who, to state an example, said in an interview that, “the passion for football plays a crucial role in NIVEA’s marketing strategy, because it helps to emotionalize the NIVEA products.” This highlights one of the goals that NIVEA pursues with the sponsorship: Since the brand is already very known all over the world, increasing awareness is less relevant; instead the brand aims to profit from positive, emotional associations that consumers have when they follow sports games and the brand wants to profit from these associations in order to shape brand attitudes.

- Analysis of the current situation as regards the sponsorship and evaluation of the current sport sponsorship portfolio: (2) Competition
The case study description did not mention NIVEA’s competitors with regard to the sponsorship-linked marketing strategy. From the feedback that we received from you, you identified some of the most relevant competitors, such as Henkel, Dove, and L’Oreal. Some of these brands sponsor entities in the same sports: Henkel Beauty Care (e.g., brands such as Schauma, Fa, got2b are managed by Henkel) sponsors FC Bayern München. Dove has a long-term sponsor partnership with the Rugby Football Union. L’Oreal Paris is not involved in any of the sports that were mentioned in the description of the case study. If this holds true, we can conclude that there is little competition when looking at within-industry competitors’ sponsorship engagement in football (as well as formula one, football, and beach volleyball). The question whether there are specific sponsorship opportunities will be discussed in the context of the possibility to sponsor the German Gymnastics Association (see below). As an example that has been mentioned before, Beiersdorf found a niche area in sports where skin care products have not been present before: beach volleyball.
- Analysis of the current situation as regards the sponsorship and evaluation of the current sport sponsorship portfolio: (3) Sponsorship-specific assessment
The case study description mentioned specific sponsorships, namely the sponsorship of the FA (i.e., the English football association), the English national football team, and the Paris Saint-Germain football team. Since these sponsorship contracts have already been made, we do not discuss whether they make sense in general. Instead, we want to look at the characteristics of the sponsorships and how well they help reach the brand to communicate with

target groups against the background of the existing portfolio of products. The football (and formula one and rugby) sponsorships take place in areas that may be associated with attributes (e.g., rugged, aggressive) that are related to masculine behaviors and that may therefore appeal to more men than women. The sponsorship may therefore be particularly useful to reach male target groups (using sex as segmentation criterion). The product lines of NIVEA For Men are beauty products that may be communicated in the sponsorship that is targeted at male customers, such as the status of official supplier for the Football Association (FA) and the sponsorship of Sebastian Vettel, the German formula one driver. Although the male cosmetics market is a smaller target segment than the female cosmetics market, it grows three times faster as the female cosmetics market. The areas of sponsorship may help the brand profit from this trend. However, the sponsorship may not particularly help other product lines, such as female cosmetics and lip care. (The sponsorship of beach volleyball entities may be helpful to create links to sun care products. In what follows next, we will discuss the potential to sponsor the German Gymnastics Association, which may be a good entity to promote hand care products, for example, in an effort to create linkages.)

- Lastly, we should mention that there is no sponsorship policy statement that is available to the public. If NIVEA has not formulated the statement, the brand is recommended to do so.

(2) Sponsorship-specific considerations: Would the sport sponsorship of the German Gymnastics Association (GGA) make sense? Please explain your line of arguments.

Sponsorship-specific considerations include answering the questions what the existing associations to previous sponsors are, what the co-sponsors are, and whether there are specific opportunities and risks involved in certain types of sponsorship. The latter may be evaluated against the background of strengths and weaknesses.

(We do not assess the cost or value-for-money evaluations here, or evaluations of situational analysis factors that have been discussed before apart from taking into consideration the product portfolio.)

OPPORTUNITIES / PROS	RISKS / CONS
Sponsorship exclusiveness is guaranteed, because there are no sponsors of the same industry. The number of co-sponsors is smaller compared to the number of co-sponsors in football, for example. Also, the existing sponsorships of the GGA may be compatible to NIVEA's brand image (e.g., generali, an insurance company, might be described as sincere and competent. It links to the accurate, classy, and precise character of the gymnastics sport).	The premium sponsors (erima and generali) may be considered less exciting (or even boring) brands. If their associations transfer to NIVEA, the brand may be perceived more negatively.
The associations that individuals may have with professional gymnastics may be the associations that the brand wants to communicate, such as young, beautiful, perfect body, and athletic. There may already be an image based fit between the event and the brand. Young, healthy, muscled men and women are active in professional gymnastics. This fits the image of Nivea of being beautiful and healthy. The brand may use functional fit perceptions as well, for example, when the product is used during the competition to keep the athletes hands smooth (such as after a high bar competition).	The associations that individuals may have with gymnastics may also include items such as old-fashioned and dated, because the sport has lost popularity in the past decades. Also, the associations of the sport with the brand as high-performing, young, beautiful, perfect body, and athletic (to name some similar items that were mentioned in the left column) may only take place during high-level competitions (such as during the Olympic Games that receive high media attention). Furthermore, lower-level competitions may be less useful in communicating these associations.

OPPORTUNITIES / PROS	RISKS / CONS
<p>The slogan "Preparation is everything" fits with the gymnasts' self-perception. The athletes have to take good care of their body (e.g., hand care for the high bar) and need perfect preparation for best performance (because they have to rely on their hand skills). The slogan helps to articulate functional fit.</p>	<p>There is the potential risk that there are transgressions in the sport (e.g., athletes that dope to increase muscles and strength; athletes with bulimia) and that the sport is perceived as too dangerous (e.g., athletes that are injured because they risked too much during the competition). In these cases, the slogan may be interpreted negatively.</p>
<p>The sponsorship may be an opportunity for NIVEA to target female consumers with the sponsorship. In terms of demographic, psychographic and behavioral variables, NIVEA's target group matches as well: There are no specific income or social class requirements that the spectators (audience) of gymnastic sports have to fulfill, so the broad target group that is attracted by the German Gymnastics Association will match with the broad target group of the NIVEA brand.</p>	<p>Although females may be targeted well with the sponsorship as regards the segmentation criteria presented in the left column, the question whether the target market of female spectators who are interested in, or visit, gymnastics event is large enough remains (given that NIVEA targets all people in many countries). The sport is less popular compared to other sports (e.g., swimming) on a professional level. Also, females may feel that they will never reach what the athletes communicate (in terms of beauty), because female gymnasts are often very young and skinny.</p>

(3) Fit between the sponsor and the sponsored property: Using one way of fit dimensions of your choice (e.g., functional fit vs. attitude-based fit), (a) how can NIVEA increase the perception of functional fit and attitudinal fit, respectively, and (b) which dimension would you focus on? Why?

- a) The **functional fit** could be increased with marketing mix instruments that highlight how the product is used during the sporting competition. For example, football players may be using the NIVEA products when having a shower or after the shower (e.g., to get ready to be interviewed). In gymnastics, athletes could use products to increase performance (e.g., taking care of their hand's skin so that it does not get blisters or callus) or to keep their skin smooth (e.g., female athletes that need to express themselves and may use make-up (e.g. rhythmic gymnastics; figure skating and synchronized swimming may be other areas in sports that can be mentioned here). If the athletes display the products visibly, they may create functional fits from the perspective of sponsorship recipients. One such instrument is sales promotion activities at the event where potential customers get in closer contact with products and feel on their own skin how they can "increase performance" or "keep their skin smooth." Other instruments include the whole range of marketing mix instruments, in particular in the area of promotion.

NIVEA is a traditional brand, a brand that is trusted and which is used by multiple generations. It is timeless and appeals to a broad customer base. Nivea may stand for high performance, beauty and health, to state some more examples. The **image based fit** therefore may be altered via sponsorship of entities that communicate these images as well. Today, female tennis athletes present themselves nicely dressed to the audience prior to important tennis competitions. Therefore, female product lines of NIVEA may be promoted sponsoring the Wimbledon tennis tournament, for example – a traditional event that stands for high performance, and where the most athletic and talented players compete. Beach volleyball and figure skating are more examples of sports areas where good-looking female athletes participate and that may stand for high-performance, beauty, aesthetic movements, and body perfection. (The sports further attract spectators from multiple generations.)

- b) NIVEA wants to "sell beauty" (and not only skin care products), as their mission statement says. Since the products are not directly used in sporting competitions to increase performance (and beauty performance should be most relevant to the brand), it may be more appealing to focus on image based fit and make sure that the brand profits from a transfer of associations from the sponsored property to the brand, and sponsors entities that match with these criteria.

(4) What are the limitations of the functional versus attitudinal fit classification against the background of the presence of other classification schemes?

- Compared to other classifications, the differentiation between functional and attitudinal (or we could also say image based) fit is very heuristic and simplifies a more complex real world. As seen in the example above, one dimension may not exclude the other dimension, because NIVEA may pursue to both, profit from image based fit and functional based fit when engaging in a sponsorship.
- As regards image based fit, companies come from different industries and do not share exactly the same associations as the sponsored property; the construct may lead to the misperception that sponsors should only engage in sponsorships that already have a high fit with respect to image. However, it is one of the goals of the sponsors to transfer associations from the sponsored entity to the brand. (Thus, it may be not even desirable that there is 100% fit between the two.)
- Another limitation lies in the rather narrow consideration of the different possible ways of how fit is created. The studies conducted by Simmons and Becker-Olsen (2006) and Zdravkovic et al. (2010) cover all possible causes of fit and may therefore provide companies with more valid tools of measurement that can be used on an individual basis. For example, a company might first find out what the relevant fit dimensions are (e.g., whether the customers know of the brand's mission statements or of the typical consumers that represent the target group of the company) and then use these sub-dimensions to assess fit and changes in fit over time.