

## 1.2 HISTORICAL DEVELOPMENT OF SPONSORSHIP AND CURRENT PRACTICE.

The specific kind of return on investment has held a different level of priority over the years as sponsorship has evolved and sophisticated. As the nature of the corporation evolved and changed to meet current marketplace needs, so too did the sponsorship process to adjust to meet these changes.

In the *1960's*, corporations within the tobacco and liquor industries used sponsorship of events as a tactic to *create awareness* for their product to overcome government legislation banning usage of traditional advertising media (i.e., television, radio, print). For example, Players began sponsoring tennis and Rothmans sponsored auto racing. The *rationale* for why one tobacco company sponsored tennis and another auto racing was usually *emotionally based* and typically from the *top down* - the president or CEO of XYZ corporation had a daughter in tennis and thus, being familiar with the sport, was naturally aligned to the event sponsorship. This approach was not limited to sports sponsorship only. It also included the arts such as ballet or theatre.

This *philanthropic top-down* approach was consistent by virtually all companies who sponsored events or programs and within any industry. Sponsorship was not considered a marketing expense or as a viable business-building tool. It was usually an emotional response by a corporate executive with the *funding* typically coming from the corporate *donations budget*.

In the *1970's* and into the *1980's*, the use of sponsorship became recognised as a tool that could be used to obtain *image* as well as sustain *awareness*. Package good companies began to recognise that sponsorship could be an effective means of creatively reaching both its key retailer (point of distribution) and consuming public.

Major brands in highly competitive categories (i.e., Pepsi and Coke) led the package goods marketplace in sponsorship. Their focus was to own certain properties and effectively block its competition from participation/association with that activity. It was a key component of the "Cola Wars".

Into the *1980's*, other products turned to sponsorship for *awareness* and as a *point of differentiation*. The retail trade was becoming inundated with "more of the same" - allowances, coupons, contests. Advertising mediums were becoming very cluttered as networks were more interested in generating revenue than worrying about the perception of its viewing public. Sponsorships, on the other hand, offered something new and different, capturing broadscale retailer and consumer awareness and interest.