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Implications and Benefits of Strategic Sponsorship Selection

A Case Study of the Mercedes-Benz Vertrieb PKW GmbH Berlin

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1. Introduction

The idea of sponsorship had been planted in the ancient history of the Greeks and Romans and its roots had been predominately related to charitable goodwill (Carrigan & Carrigan 1997). Today, sponsorship has become a worthwhile part of the marketing and communications sector of many corporations (Grimes & Meenaghan 1998). Various events of public interest are sponsored by many different types of corporations with the goal of having their name seen during event (Kover 2001). Tripodi’s study (2001) undermines the growing importance of sponsorship in which he and also Meenaghan (2001) concurrently claim that the growth in expenditures for sponsorships has recently passed every other promotional tool of the communications mix. Yeshin (1999) and Dolphin (2003) agree that sponsorship is a form of corporate communication that presents to potential customers how they can relate better through sponsorship than through other more sales-driven communication tools, such as advertising. Within his course of study, Dolphin (2003) points out the importance of sponsorship activities for marketing managers as a vehicle to reach different and distinctively chosen target groups. Opposing to its growing importance it has the side effect that its outcome is not predictable to the extent of other marketing activities such as advertising again or direct selling. Javalgi et al. (1994) point out in their study about the impact of sponsorship on the brand image that the vehicle sponsorship itself as well as the purpose of it is difficult to get hold of (Javalgi et al. 1994). Meenaghan (1991b) adds that the effectiveness of other tools within a firm’s marketing strategy is better to control than that of sponsorships. This lack of control of the impact of a sponsorship itself is widely spread within the findings of scholars researching sponsorship. It has an impact on the efficiency of a sponsorship because it might fail to reach the right target group and has the risk of reputational issues, which is one of the main concerns of managers (Hall 1993). Thus, it also has a financial impact on the sponsoring corporation and therefore on the allocated sponsorship budget because for marketing activities the first and highest praised indicator of success is the return on investment (Erdogan & Kitchen 1998). Although firms spend a considerable portion on the measurement of their marketing campaigns Hoek et al. (1997) find in their study comparing sponsorship with advertising that compared to the measurement of advertising, not many corporations try to evaluate the outcome of their sponsorship on the same level. This is backed up by the findings of a survey by Gardner and Shuman (1987) saying that over half of the interviewed firms did not measure the
results of their sponsorships. This figure might have changed over the last few decades, however Dolphin (2003) claims that in relation to the growing portion of marketing budgets spent on sponsorships it becomes necessary to focus more on the control of the selection process and the measurement of sponsorship outcomes (Dolphin 2003).

1.1. Problem Discussion

Besides the fact that there is a lack of measurement and control of the outcome of a sponsorship, there is also room for improvement in terms of the selection process prior to the actual sponsorship contract. Since there are some attempts to set a framework for a measurement of sponsorships but no studies regarding a target group oriented sponsorship selection process, the focus of this paper lies on the stage before the decision is made for or against a sponsorship. This refers to the effectiveness of the target group orientation of a sponsorship. A key ingredient of the control over a marketing communications campaign is the target audience that is trying to be reached. Especially in regard to the viral effects of the Internet, TV, and Radio sponsorships have an extremely wide range of target audiences that need to be defined and which the sponsoring corporation needs to make sure to reach. Yeshin (1999) points out the importance of the aim of firms to have mutual benefits through being related to a sponsored event that is of interest for the particular target group of the firm. As described in the previous section one part of the effectiveness is to reach the right audiences that can identify themselves with the sponsored event or celebrity (Dolphin 2003). This results in an increased identification with the products or services of the sponsoring corporation itself. In relation to this effect Dolphin (2003) also notes that a sponsorships’ main focus lies on increasing sales through enhancing brand awareness. Thus, before the efficiency of a sponsorship is measured, the sponsorship itself ought to be more controlled and more purposefully selected. The current research misses out the positive budgetary effect of making sponsorships more target group oriented. Once the target groups are defined it is to define their fields of interest in order to decide which sponsorships might be worthwhile. If this definition does not take place there is the risk of investing into sponsorships in vain while the budget could be used more efficiently in terms of target group orientation. The value sponsorships create for a brand or a corporation is considerably high (Meenaghan 1991b). Therefore, an effective allocation of the provided sponsorship budget considering the key target audiences is an imperative for every marketing manager.
1.2. Purpose

In relation to the problem discussed above, the purpose of this paper is to find an approach to define the fields of interest of the key target audiences. The focus thereby lies on firms within the premium sector using sponsorships as a part of their marketing communications mix. In order to find strategies to choose sponsorships more purposefully and more related to the fields of interest of customers and therefore use the sponsorship budget more efficiently, this paper seeks to answer the following research question:

RQ1: How can sponsorship expenditures be allocated more target group oriented and therefore more budgetary efficient?

2. Literature Review

Within the following section, a distinguished analysis of the various research approaches towards strategic sponsorship is presented. Therefore, a literature review based on secondary research was used in order to provide a theoretical insight into sponsorship, the implications of the selection process and its role within the marketing mix. Furthermore, it focuses on measurement strategies regarding the effectiveness of sponsorships.

2.1. Marketing Communications Mix

Sponsorship is one element of a successful marketing strategy plan, which is executed by using the tactical elements of the marketing communications mix (Meenaghan 1991a). In order to pursue marketing objectives, this mix should basically consist of the following elements:

- **Advertising** – Any purchased non-personal presentation and promotion of ideas, goods, or services → massive audience reach; low cost per exposure but high overall cost; customers perceive product as trustworthy; focus on short-term sales; builds brand image

- **Personal selling** – Sales force presentation aiming for sales and building customer relationship → effective influence on buyers actions and intentions; direct feedback; long-term relationship; expensive and elaborate

- **Sales promotion** – Short-term attraction for purchase or sale of a service or product → attracts short-term attention
• **Public relations** – Building positive relationship with the company’s various stakeholders by obtaining positive PR, building up a positive corporate image, and avoiding or managing unfavorable stories or events → builds credibility; Mostly under-used; inexpensive and long-term focus

• **Direct marketing** – Direct communications with targeted customers to get immediate feedback and create lasting customer relationships → most effective for highly targeted marketing efforts

(Pickton & Broderick 2001)

These promotional tools are merely the basis of a marketing plan and can be enhanced by further specialized communication tools (Pickton & Broderick 2001) such as online marketing or likewise sponsorship. The highest goal for a marketing strategy is to build customer-based brand equity which Keller (1993) explains as follows:

“In a general sense, brand equity is defined in terms of the marketing effects uniquely attributable to the brand – for example, when certain outcomes result from the marketing of a product or service because of its brand name that would not occur if the same product or service did not have that name.”

(Keller 1993, p. 1).

Keller (1993) claims that there are two main motivations for companies to enhance and study their brand equity. The first reason is to determine the mere value of a brand (name, logo, color etc.) from an accounting point of view (Keller 1993). The second motivation is to use the marketing budget in a better-allocated manner in which the brand equity can serve as a benchmark for the measurement of marketing campaigns (Keller 1993). However, brand equity building is a long-term duty for a firm and it consists of different ingredients. In order to elaborate the brand equity the first task of a marketing plan is to create a purposefully chosen and target group oriented brand image and reputation with which the customers can identify themselves and their personality (Keller 1993). The reputation management must be conducted straight from the introduction of an idea, a product or a service through advertising strategies as well as public relations management (Keller 1993; Hall 1993). This stage is followed by a steady brand awareness and brand knowledge, which means that the customers recognize the brand name or logo and know what it stands for (Keller 1993). The recognition of a brand is raising the profile of a corporation and will thus lead to an enhanced brand value and in the end to customer retention. Further explanations regarding brand equity building are beyond the scope of this paper. In the following
sections the role of sponsorship within the marketing communications mix will be explained and analyzed in-depth.

2.2. Sponsorship

Sponsorship has become an important part of the marketing communications mix and is a key factor for a distinct brand image, hence supporting brand equity building (Grimes & Meenaghan 1998; Keller 2001). Dolphin (2003) explains sponsorship as follows:

“(…) sponsorship typically refers to the financial support given by an external organization to a leisure or sporting activity – support given with a definite commercial objective in mind – if only with the intent of creating goodwill and good public relations.” (Dolphin 2003, p. 175).

However, in addition to the goodwill it is agreed upon that sponsorship is a particular marketing communications tool that also aims for a certain benefit for the corporation as well as the brand itself (Meenaghan 1991b). For big corporations as well as for small and medium sized companies, it is a worthwhile vehicle to raise brand awareness (Meenaghan 2001). Since sponsorship is a part of the communications mix it must be combined with other communications tools in order to be successful as Tripodi (2001) states and Grimes and Meenaghan (1998) agree on saying that a sponsorship as an isolated event would not increase brand awareness but in the worst case merely waste the invested money. Although it increases the expenditures for a sponsorship campaign it is necessary to reach the target group most effective which makes the support of other advertising activities an imperative (Dolphin 2003). This could be seen e.g. within celebrity endorsements as a form of sponsorship. When Pharrel Williams signed with Adidas to re-launch the famous sports sneaker “Superstar” in various colors in 2015, the endorsement program was supported massively by advertising via various media channels. In order to promote the endorsement as much as possible it was announced globally by a strategic advertising campaign (Bloomberg 2016). This example shows that for the purpose of reaching the potential target group of a sponsorship it is necessary to support it with other tools from the communications mix (Dolphin 2003). Quester and Thompson (2001) even claim that there is a connection between the reach and therefore the effectiveness and the money spent on a sponsorship activity. Although Olkkonen et al. (2000) mention that there is a lack of empirical research that would lead to a solid theory about sponsorship there are some correspondent approaches towards the meaning and the benefits of sponsorship. Erdogan and Kitchen (1998) for example point out that sponsorship helps to spread a
company’s purpose via a positively perceived event, organization or person. Meenaghan (1991a) adds the importance of sponsorship for the purpose of communication objectives. By reaching the target audience at a certain event or through an organization the brand image can be presented in an unbiased way. Additionally, Thwaites (1994) explains the difference between a sponsorship and a donation. Within a sponsorship there is always a commercial purpose by including a business transaction of rather equally valued services or goods whereas donations are merely one-sided and implicate the goodwill of the sponsor (Thwaites 1994). How important sponsorship activities had become within the marketing mix is pointed out by Lardinoit and Quester (2001) who found that three out of four marketers think that sponsorship deserves further development. Especially for the business to customer market (B2C) sponsorship has become an important communication tool (Meenaghan 1991b). Tripodi (2001) even claims that it can become the most important marketing communications tool overall. Javalgi et al. (1994) point out that one of the main differences between sponsorship and mere advertising is that two business parties which are involved are investing in an event or an organization to generate a mutual benefit for both (Gardner & Shuman 1987).

2.3. Sports Sponsorship

One of the most important segments for sponsorship activities is and has always been events that are related to sports because it is a segment with a broad range of target audiences (Abratt & Grobler 1989). The commercialization of sports through massive media coverage made sponsorship investments into athletes and sport events such as the Olympics (Miyazaki & Morgan 2001) a worthwhile and highly adaptable vehicle to illustrate a certain brand image benefiting from the highly praised status of a single athlete or a sports team (Quester & Thompson 2001; Hoek et al. 1997). This could be derived from the image of sports as a whole. Sport is the definition of fair competition where the best wins (Miyazaki & Morgan 2001). Thus corporations are very keen on sponsorships with the very best athletes of almost every type of sport in order to create the perception of being the best of the industry alongside (Hoek et al. 1997). The relationship between the sponsor and the sport itself is particularly effective for reaching the fans of a certain sport because through the recurrent media exposure they connect their sport to a sponsoring brand and have a positive image about it (Performance Research 2001). In conclusion, a positive brand image leads in the majority of cases to a push of sales within the objected audiences as well as to long-term customer retention (Wise & Miles 1997).
2.4. Celebrity Endorsement

Celebrity endorsement is a special form of sponsorship and has become a highly profitable tool in the marketing mix as well (Agrawal & Kamakura 1995). The aim of celebrity endorsements is to detect famous people such as athletes, actors or artists and make them brand ambassadors so that customers can relate the product to their *idol* (Agrawal & Kamakura 1995). Overall, the advertising budget invested in celebrity endorsements is increasing fundamentally (McGill 1989). According to Sherman (1985) one tenth of all advertising expenditures on television in 1985 were spent on contracts with celebrities. This figure has most likely increased notably today. A key goal for advertising and sponsorship in particular is the enhancement of brand image, identity and therefore recognition (Dolphin 2003). Kamins et al. (1989) found that the relationship with a trustworthy, likeable celebrity makes the customers believe more into advertisement campaigns and thus the brand itself. Petty et al. (1983) add that with a famous celebrity the brand recognition increases essentially and a unique brand personality is created. This opinion is echoed by McCracken (1989). The findings proof once again that celebrity endorsements serve as a worthwhile equity-building tool. Despite the many benefits a firm can gain from a celebrity endorsement there is also a potential risk and depending on the celebrity a costly affair (Agrawal & Kamakura 1995). The celebrity must be carefully chosen, match with the brand image and should be somehow related to the target audience (Hoek et al., 1997). Although there is always the threat that a contractual liaison backfires, celebrity endorsements are still perceived as a viable equity building tool (Hoek et al. 1997). The intention of a firm to have a contract with a celebrity is to increase future sales due to a brand enhancing connection. Furthermore, it is often hoped that the expenditures for the contract will be covered by increased sales in the future (Agrawal & Kamakura 1995). Although it is widely accepted as a profitable tool within the marketing mix it is difficult to measure how much impact a celebrity endorsement has on the profitability of a firm. This is intensified by the fact that it is difficult to isolate a marketing campaign in terms of its return on investment (Agrawal & Kamakura 1995).

2.5. Objectives

The objectives of a sponsorship might be various and unique within every corporation but it is agreed upon that there is always the purpose of having a mutual benefit from a sponsorship activity (Yeshin 1999). In order to be able to measure the success of a sponsorship it is mandatory to state these objectives initially (Thwaites 1995). Although they might move over time,
especially within long-term relationships (Armstrong 1988), sponsorship is receiving a growing stake of marketing budgets in general which is why the investment has to be purposeful and planned out well (Dolphin 2003). Therefore, some objectives need to be clarified in advance. Although, as already pointed out, sponsorship becomes a more viable communication tool for all marketing purposes, Javalgi et al. (1994) note that it is difficult to define the objectives of a sponsorship in advance because the outcome is in most cases also difficult to determine. In relation to key performance indices (KPI) for the measurement of marketing campaigns the definition of objectives has to be as much in detail as possible in order to have a viable basis that the outcome can be evaluated upon. Tripodi (2001) adds that if the objectives of a sponsorship are not set, the allocation of the marketing budget is missing a viable planning framework. In the following, some of the basic objectives are presented and explained in detail. Sponsorship of a certain event or organization is mostly related to these main objectives (Javalgi et al. 1994) which are aptly pointed out by Keller (1993):

- **Brand awareness:** The visual perception of a brands logo, the people behind the company etc. The awareness also leads to a long-term name recognition

- **Brand image:** This stake goes along with the corporate reputation, which is how an audience perceives a corporation. The main purposes of marketers is to raise the profile in order to achieve a corporate identity which is supposed to, of course, increase sales in the end (philantrophy, societable responsibility)

- **Brand value:** This rather intangible asset of a company is derived from the factors above and is not merely measured by the actual financial figures but also by the reputation of the brand and the corporation as a whole. This whole process is refered to brand equity-building. That means to establish a unique, distinguishable and profitable brand in order to have a competitive advantage. (Keller 1993)

While Dolphin (2003) opines that objectives vary substantially between different corporations, he makes clear that it remains the overall objective of leveraging brand equity is derived from increased brand awareness through purposeful sponsorships (Dolphin 2003). In order to be able to measure and evaluate a sponsorship it is important to have strategic objectives to measure the outcome against them (Javalgi et al. 1994). Scholars discuss a lot about the uncertainty of objectives and how this uncertainty makes it hard to find a viable measurement basis for the promotional success of sponsorship. Nevertheless, Dolphin (2003) makes clear that it only needs a constructive management of the current sponsorship in order to generate a competitive
advantage. This is backed by Cornwell et al. (2001). The strategic approach towards measurement of certain outcomes will be discussed at a later stage of this paper.

2.6. Target Group

When looking at how to most effectively select a sponsorship, one of the important factors in selecting a sponsorship is the target group that is supposed to be reached. It is very costly if a wrong target group is attained (Dolphin 2003). In this case the wrong target group can be defined as people who are usually not interested in the products, services, or even the brand that the company is sponsoring. The key focus of every marketing strategy selection is the target group or target audience that is sometimes on equal terms as the target market (Brown & Cox 1997). The target audience is the part of the public which is most likely to be interested in the promoted product or service and could thus be defined as potential and present customers (Brown & Cox 1997). Therefore the marketing strategy needs to be tailored for the interests and needs of this particular group. In relation to the aim of this paper, the definition and orientation towards the target audience needs to be pointed out. In regards of sponsorship it is difficult for a firm to control whether or not the message of a sponsorship reaches the intended target group (Grimes & Meenaghan 1998). It is just hoped to become viral and reach as many potential customers as possible (Javalgi et al. 1994). Brown and Cox (1997) point out that for every corporation there is not only one specific target audience. Through the product or service range the customers vary and so do the target audiences for promotional activities (Brown and Cox 1997). Therefore, the target group of every sponsorship is defined in a different way as well. Thwaites (1995) names various target groups that can be reached by sponsorship such as potential and present customers, general public or local communities, workforce and other external stakeholders such as distributors, suppliers and governmental institutions. In regards of these various target groups, it is necessary to determine the purpose of a sponsorship in order to define the target group orientation. Grimes and Meenaghan (1998) point out aptly how the different target audiences create different types of value for the brand because of their different perceptions. In relation to this, they refer to the effect of brand attraction that is generated by opinion leaders of a certain target group (Grimes & Meenaghan 1998). They are also called trendsetters and are of much interest by sponsoring firms because if they can identify themselves with a brand the majority of the target group they belong to is likely to do the same.
2.7. Measurement and Evaluation

Scholars agree that sponsorships are difficult to control and particularly more difficult to measure than other tools in the marketing communications mix (Meenaghan 1991b). Cornwell et al. (2001) state that although sponsorship activities are growing rapidly there is not much known about its effectiveness. Sponsorships are likewise difficult to measure in terms of their impact on target audiences. Considering the objectives of sponsorship it is important to measure brand awareness and brand preferences that come along with it. Stipp and Schiavone (1996) argue that the examination of supporting advertising campaigns and its visibility is an important factor within sponsorship measurement. All sponsorship researchers point out the need of a strategic measurement tool for sponsorships to make it easier to decide whether to renew a contract or abandon it. They fail to introduce a reliable framework that could be adapted by any kind of corporation or brand.

2.7.1. Event Study Analysis

The method of event study analysis has been used primarily for accounting issues in order to evaluate a corporation’s value in the stock market, but has previously also made its way as a measurement tool within marketing research (Miyazaki & Morgan 2001). An event study analysis can be a viable method to measure the effect of a sponsorship or celebrity endorsement on the firm or brand value as well as to analyze how market participants (stockholders) react to it (Agrawal & Kamakura 1995). In their case study, Agrawal and Kamakura (1995) try to measure these particular effects on the basis of a celebrity endorsement. They define event study methodology as follows:

“Event study methodology measures the magnitude of the effect that an unanticipated event has on the expected profitability and risk of a portfolio of firms associated with that.” (Agrawal & Kamakura 2001, p. 57)

The theory underlying event study methodology is the efficient market hypothesis (Fama 1970). This statistical theory of economics suggests that financial markets are especially efficient as long as all relevant information that could be examined through technical and fundamental analysis or insider trade is accessible for all market participants, buyers as well as sellers, so that no one has a potential advantage that could lead to extraordinary earnings compared to other market participants (Fama 1970). That basically constitutes that market players act fully rational and on the basis of the same relevant information (Fama 1970). Furthermore this information is already fed into the market, e.g. stock market prices, which make it impossible to win against the
market e.g. through betting on a falling price (Fama 1970). The information about future developments of a market asset is available for everyone, which makes it ineffective to bet against the market (Fama 1970). Fama (1970) in particular has revolutionized market analysis and simplified the empirical analysis of asset prices. A plain example for the efficient market hypothesis could be the supply and demand for bread. In order to find a fair price it is sufficient to observe supply and demand and the future availability of bread. If the necessary ingredients for bread seem to deteriorate the price for bread will eventually rise (Fama 1970). Among the advocates of the theory there are three classifications:

- **The weak-form efficiency** level proceeds from the assumption that based on market price trends from the past, the current, or future, market prices cannot be foreseen because the information from the past is not included. The best assumption for future trends is thus the current market price. Even technical analysis could not anticipate the future development. The anticipation of the future price trend is therefore somewhat random.

- **The semi-strong-form efficiency** assumes that all available public information as well as past market price trends are already fed into the current one. This might serve as a more reliable basis for estimations about the future market price.

- **The strong-form efficiency** classification compared to the semi-strong one also includes insider knowledge in the current market price. Therefore all relevant information that could be of help to gain profits from knowledge that is not accessible for competitors is disclosed and therefore reflected by the market price of an asset. (Fama 1970)

Opponents of this theory, such as Malkiel (2003), claim that insider knowledge is never fully disclosed and is used on the financial markets all round the world on a daily basis in order to establish a competitive advantage. He criticizes that the assumptions, especially of the strong efficiency classification, is not viable in real market places (Malkiel 2003). Nevertheless, it is helpful for the evaluation of stock prices and is an essential asset of event study analysis. The methodology of event study is predominately used in finance and accounting disciplines because of the reliance on the stock market price (Miyazaki & Morgan 2001). However, it could also be of use within marketing-related activities such as a change in a brand’s name (Horsky & Swyngedouw 1997). In this case the change of the stock market prize and the abnormal returns are examined and correlated with a certain marketing activity. The abnormal
return is the difference between the expected return of a certain portfolio and the actual return. This difference is often caused by a certain management decision (Agrawal & Kamakura 1995). Agrawal and Kamakura (1995) in this case analyzed how the profitability of a firm changes due to a celebrity endorsement. In general their hypothesis is that the effects of celebrity endorsements on a company’s profitability cannot be measured particularly in figures due to various concurrent influences on the portfolio’s profitability but it might be an approach towards whether it was a reasonable investment or not (Agrawal & Kamakura 1995). The evaluation can be based on the change of the stock market price. While a celebrity endorsement is an elaborate and expensive marketing activity it is a firm’s interest that it is widely covered within all the media channels to receive a maximum reach within the target audiences (Dolphin 2003). Agrawal and Kamakura (1995) claim that because of this media coverage, market participants tend to either invest into a firm or abandon their shares based on their own evaluation of the profitability of a celebrity endorsement (Agrawal & Kamakura 1995). It gives investors incentives to either buy or sell stocks based on this event. Nevertheless, it is still important to remember that these assumptions are based on the efficient market hypothesis (Fama 1970). Also within play, there might be other market events influencing the decisions of private and public investors at the same time. Therefore, it still remains a hypothesis because the examiners do not know the overall motive of investors. Moreover it only can be used by bigger corporations that are listed in a stock market. In relation to sponsorships, there is also the issue that it is a long-term communications campaign which makes it even harder to evaluate the intangible returns which need to have a point of reference.

### 2.7.2. Other Measurement Approaches

Besides measuring the ex post effects of a sponsorship based on its commercial impact, Irwin and Asimakopoulos (1992) have established a framework covering the overall process of a sponsorship starting with the selection process, setting objectives and the subsequent evaluation in relation to the objectives. They suggest starting with an examination of the current marketing strategy and its objectives in particular (Irwin & Asimakopoulos 1992). In addition the connection between the different marketing tools should be analyzed and realigned towards one mutual purpose if necessary (Irwin & Asimakopoulos 1992). The next step would be to organize the objectives in a weighted order so that sponsorship could be selected in relation to the most important objectives and also a framework for the evaluation criteria of the objectives (Irwin & Asimakopoulos 1992). After this step Irwin
and Asimakopoulos (1992), as well as Thwaites (1994), point out the importance of an in-depth screening of potential sponsorships before the actual selection process takes place. Screening includes a systematic testing to filter the desired elements of analysis within a certain section of a study field (Thwaites 1994). After the testing of potential sponsorships, the implementation of these, and after a settled timeframe, the evaluation needs to be conducted (Irwin & Asimakopoulos 1992). The focus of the evaluation lies on the evaluation criteria that were determined before the selection process. The outcome of the sponsorship is therefore measured based on the marketing objectives that were prioritized (Irwin & Asimakopoulos 1992). One objective of a sponsorship could be media exposure, (Thwaites 1994) which Dolphin (2003) opposes on the basis of it being a measurement of visibility and not for the evaluation of customer’s perception of a sponsorship. In regards of the selection criteria and the measurement of the effectiveness of a sponsorship, current research misses out the importance of the stake that the customers, thus the target audience has. As pointed out earlier in this paper the main reasons to conduct a sponsorship are to increase brand awareness, enhance the brand image and manage the corporate or brand reputation. Within all these objectives the customers are the key players to obtain. Although it cannot answer financially driven questions, customer surveys covering a particular sponsorship activity could be a viable measurement tool for the effectiveness of a sponsorship because it can serve as an indicator for brand awareness and image. As explained earlier, brand awareness is the visual perception of a brand’s logo and the message that it stands for (Keller 1993). The awareness also leads to long-term brand recognition. Grohs and Reisinger (2014) conducted a study investigating the exposure and integration of the customer within equity building processes of sponsorship. They find that there are three main factors that need to be measured in order to evaluate the effectiveness of a sponsorship in relation to awareness and brand image enhancement (Grohs & Reisinger 2014). These are: 1. The reputation and perception of the sponsored event 2. How good the sponsor and the sponsored event match together and 3. The sponsorship exposure (Grohs & Reisinger 2014). These three categories play a key role within obtaining a maximum of brand recognition and awareness (Grohs & Reisinger 2014). All in all, one could note that recognition of the brand characteristics could also be measured by customer surveys. Furthermore, a sponsoring corporation should take into consideration the perception of its employees. This group can most likely identify themselves with the brand they represent and have certain knowledge (awareness and recognition) of the message it stands for. Thus,
particularly within the first two categories mentioned by Grohs and Reisinger (2014) employees should be included in the decision process.

3. Case Study

In this section of the paper the research question of how sponsorship expenditures can be allocated more target group oriented and therefore more budgetary effective is tried to be answered based on a single case study. The reason for choosing a single case study is because it provides the preconditions to test the existent theory critically. The unique actions happening within sponsorship activities as well as the various units of analysis are difficult to compare within multiple cases. Therefore an in-depth analysis of a single case was chosen at this point. Further information about the case selection process will be presented within the case selection section of this paper. One has to keep in mind that according to Stake (1995) and Yin (1994) a case study always has a constructivist basis meaning that the outcome of a case study cannot be taken as the unimpeachable truth because it is only one incident in a series of similar ones. However, it is yet important to analyze a case from as many standpoints as possible in order to make the outcome of a case study scientifically as significant as possible and somehow adaptable to other cases or events. In general, this case study is based on a qualitative research method approach since there is no in-depth quantitative data accessible for the investigator. In relation to the research question it also seems to be a more feasible approach to use qualitative research methods and its tools. In the following this approach will be presented more specified.

3.1. Research Design

According to Yin (1994) a case study research can be a viable analysis method when a research question starts with the word “how” or “why”. Therefore, trying to find an answer to the posted research question through a case study seems to be a legitimate design of analysis. Yin (1994) furthermore points out that case study research should be used when the investigator is an active spectator of the case but has no or not much influence on the studied phenomenon itself. This implicates that the investigator is not able to influence events or behavior within the case which could potentially bias the research results. The investigator should rather have access to sufficient information sources in order to get in-depth insights into the case itself without influencing it. Finally, Yin (1994) claims that the case under investigation must be a current phenomenon in an authentic context. Concurrently it is difficult to distinguish sharply between the overall
phenomenon and its context since the extent and the diversity of the issues coming along are different in every studied case (Yin 1994). Therefore, one has to keep in mind the limitations of adapting the theoretical findings based on the phenomenon to the practical issues (Yin 1994). Eventually it is important to initially limit and then obey the scope of a studied case to avoid an overstraining of theoretical findings (Yin 1994). Before it comes to the actual data collection a theory of the research topic has to be built. This theory needs to include the research question, the field which is studied and thereby propositions towards answering the research question (Yin 1994). In the end, this theory derives from the proposed data patterns and the research question in order to find a feasible scope for the analysis (Yin 1994).

3.2. Data Collection

Within the data collection of a case study analysis there are some points that need to be considered carefully. Initially Yin (1994) proposes that the main study units ought to be on the same level as the research question and must be treated in connection to each other. This means that the sources of information are genuinely capable of helping to answer the research question and are within the scope. Once this step is complied, there are some suggestions by Yin (1994) about how to use the collected data. He notes that for the analysis, the investigator needs to make propositions about the studied phenomenon and link the collected data logically with it (Yin 1994). Eventually it is a key factor for a worthwhile case study to find patterns within the data which can be connected to the made propositions or – also a necessary factor – oppose them (Yin 1994). In general, according to Yin (1994), it is important to find some confirmation of the propositions, which were made in relation to the established theory within the collected data and its patterns (Yin 1994). Once the research design is set, Yin (1994) points out the importance of the case selection. He claims that a case should represent the research topic in an interesting, practically related way (Yin 1994). Thereby the units of analysis and the sources of information have to have a certain diversity and must be purposefully chosen (Yin 1994). Within a case it is a key factor to choose the units of analysis purposefully (Yin 1994). Yin (1994) distinguishes between a holistic and an embedded design for this purpose. While a holistic design is focusing on a single unit due to difficulties in finding logical sub-units or counter-units an embedded design relies on various units of analysis (Yin 1994). Whether the case study is based on a holistic or an embedded design, according to Yin (1994) there are six different sources of evidence of which he points out the strengths and weaknesses:
Table 1: Sources of Evidence (Yin 1994, p. 80)

<table>
<thead>
<tr>
<th>Source of Evidence</th>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
</table>
| Documentation     | Stable – can be reviewed repeatedly  
Unobtrusive – not created as a result of the case study  
Exact – contains exact names, references, and details of an event  
Broad coverage – long span of time, many events, and many settings | Retrievability – can be low  
Biased selectivity, if collection is incomplete  
Reporting bias – reflects (unknown) bias of author  
Access – may be deliberately blocked |
| Archival Records  | (Same as above for documentation)  
precise and quantitative | (Same as above for documentation)  
accessibility due to privacy reasons |
| Interviews        | targeted – focuses directly on case study topic  
insightful – provides perceived causal inferences | bias due to poorly constructed questions  
response bias  
inaccuracies due to poor recall  
reflexivity – interviewee gives what interviewer wants to hear |
| Direct Observations| reality – covers events in real time  
contextual – covers context of event | time- consuming  
selectivity – unless broad coverage  
reflexivity – event may proceed differently because it is being observed |
<table>
<thead>
<tr>
<th>Method</th>
<th>Insights into</th>
<th>Selectivity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participant Observation</td>
<td>insightful into interpersonal behavior and motives</td>
<td>bias due to investigator’s manipulation of events</td>
</tr>
<tr>
<td>Physical Artifacts</td>
<td>Insightful into cultural features</td>
<td>Selectivity availability</td>
</tr>
<tr>
<td></td>
<td>Insightful into technical operations</td>
<td></td>
</tr>
</tbody>
</table>

### 3.3. Type of Case Study

Subsequently the researcher has to decide between an exploratory, a descriptive, or an explanatory study design (Yin 1994). Exploratory research can be defined as the initial research into hypothetical phenomena. It could be for instance where a researcher has an idea or has observed something that he wants to understand or explore more in-depth (Yin 1994). An exploratory research project is an attempt to establish the basis leading to future studies, or to determine if the observations might be explained by an existing hypothesis. Exploratory research often lays the initial foundation for future research (Yin 1994). Since the basic theory of sponsorship, its selection process and the measurement is already conducted and elaborated there is no point of further pursuing an exploratory research design in the analysis. The next step is descriptive research, defined as attempts to explore and explain while providing additional information about a topic (Yin 1994). This is where research tries to describe the observations in more detail, filling in research gaps and expand the understanding. This is also where as much data is collected as possible instead of making guesses or elaborate models to predict the future. Descriptive research design focuses more on answering questions of “how” rather than “why” (Yin 1994). Therefore, since the research about sponsorship and its implications is not as elaborate as other tools in the marketing communications mix, at this point the author chooses a descriptive research design in order to establish a firm basis for further research within the field of sponsorship selections frameworks.
3.4. Case Selection

The underlying case for the case study analysis in this paper is the Daimler AG own-retail branch Mercedes-Benz Vertrieb PKW GmbH Berlin (MBB). In the following section a more detailed background of the information involved in this case study will be provided. As pointed out earlier at this stage it is crucial to decide whether to choose a single or a multiple case. Since the author of this study is an active employee of MBB he is capable of generating various sets of in-depth data from different units of analysis, which he would not be able to access within other comparable cases. Hence, the selection of a multiple case study would lead to distortions and potential bias within the findings. Furthermore MBB represents a critical test towards the existing theory since it has a rather limited target market (region of Berlin), and is solely responsible for its sponsorship activities which can be seen as considerably feasible for scientific evaluation and represents a brand of the premium sector. Since the purpose of this case study regarding the units of analysis is to look for consistent patterns of evidence across units, and the aim of the data collection is to include all the decision makers within sponsorship activities of MBB, to use an embedded research design seems to be the most viable choice of study design in order to cover the most perspectives of the researched topic. According to this, Yin (1994) notes that the investigator should rather have access to sufficient information sources in order to get in-depth insights into the case itself without influencing it. He adds that the case under investigation must be a current phenomenon in an authentic context. In the case of MBB this precondition totally applies since the selection process for sponsorships and particularly its evaluation is a daily issue for many corporations at hand. The fact that it is difficult to efficiently allocate 100% of the budget for sponsorships towards the target groups is thereby the contemporary phenomenon, whereas the daily issues of the budget allocation at MBB is the connection to its real-life context (Yin 1994). Within the underlying case study of MBB, all sources of evidence except physical artifacts are accessible for the investigator. However the largest portion is covered by in-depth interviews, which will be carried out at a later stage of this paper. After the purposeful data collection it is an imperative for the investigator to determine the principles of data collection (Yin 1994). When more than one source of evidence is used, Yin (1994) proposes to conduct a triangulation within the data sets of the different sources in order to strengthen the validity and reliability of the case study itself. This means to find similar patterns within the data from the different sources of evidence. Since this study utilizes an embedded design of units of analysis, a triangulation within the data
collection is chosen. Lastly, the standpoint of the investigator has to be considered. According to Yin (1994) the investigator needs to have a good understanding of the studied case, which is applied by the fact that the investigator of the underlying study is an active employee of MBB. Furthermore, he should be aware of unanticipated patterns within the data collection and should be able to put them into context (Yin 1994). Finally, he needs to understand his role as an interviewer by listening carefully and understanding the different perspectives of the interviewees (Yin 1994). To use the findings of the research purposefully Yin (1994) states that it is important to limit the field of study. The focus of this case study lies more on the initial decision process towards sponsorship selection than on the actual effects of it. Therefore, only units of analysis will be considered which have an actual influence on the decision making process within the sponsorships of MBB. In order to answer the research question it is worthwhile to start with the basic understanding of sponsorship in order to fully cover the selection process and its implications. Yin (1994) points out six techniques for the analysis of a case: pattern linking, matching data and findings to propositions, finding and establishing explanations, analysis based on a timeline, logic models, and synthesis between different cases (Yin 1994). At this point direct interpretation seems to be a viable method for the author being an active participant within the case. Furthermore, linking the provided data to propositions and subsequently finding patterns within the different units of analysis (Yin 1994) will be the predominant techniques used for the analysis.

3.5. Background of Mercedes-Benz Berlin

MBB is one of the biggest own-retail branches of the Daimler AG in Germany and it has a long lasting tradition. It was established in Berlin over 100 years ago, at first with the workshop Benz & Cie in 1916 providing the main site in Berlin. Today, 8 own-retail branches and another 6 contractors cover the sales operations in and around Berlin. Particularly during the last 20 years the branch expanded massively and started its biggest project in 1999 with the construction of the Mercedes-World on Salzufer, which is the original location of the Benz & Cie from 1916. It was meant to be an innovative pilot project for the whole automotive industry because it combined a sales site with a whole new customer experience including climbing walls, its own kindergarten and a location for many prestigious events. 43 million Deutsche Marks were invested to set up the new flagship store of MBB which opened in 2000. Today more than 300 vehicles can be displayed inside plus another 150 outside. In 2015 around 28,000 cars, vans, transporters, and trucks were sold while 1400 employees work at MBB. In consideration of the size of MBB, it
established its own marketing department including various sponsorship activities, which will be presented in the following section.

3.6. Strategical Sponsorship Activities

The unique market in Berlin made it necessary to adapt the sponsorship strategy selection to the specific customers and target groups and to keep in mind the premium brand status of Mercedes-Benz. The Headquarter in Stuttgart has particular guidelines regarding market segments for sponsorship activities. These guidelines focus on the market segments: motorsports, fashion, golf, horse-riding and cultural institutions such as opera, theatre and concerts. In addition they have had various celebrity endorsements to attend certain events and represent the brand on dedicated occasions. As pointed out in the previous chapters the reason for these sponsorships is to build up a brand image attracting designated target audiences. Furthermore, it is the aim of every marketing strategy to create loyal customers. MBB has the philosophy that the more consistent their brand image and brand value appears, the more people tend to stay with the brand. The quality of the cars is of course a crucial factor as well but some competitors have a similar quality. Therefore, Mercedes-Benz as a brand has to distinguish itself through its brand image and brand value to leverage competitive advantage. MBB’s target group is considered to be in the higher societal segments appreciating premium and high-class products and services. With their focus on upper class sports and cultural institutions MBB is targeting the particular interests of this target group. Therefore they create a brand awareness within the interests of the customers.

4. Case Study Analysis

At this point the effectuations made by Yin (1994) will be adapted to the case of MBB. Moreover the aim of the following sections is to build explanations and find practical implications within the field of strategic sponsorship selection for premium brands.

4.1. Data Collection within the Case Study

At this stage the different sources of evidence will be presented and evaluated based on their influence and credibility. Additionally, the organization of the data will be explained although a fully disclosed and independent database as Yin (1994) proposes cannot be provided due to certain disclosure restrictions of MBB. Nevertheless, the author had access to physical and digital documentation such as sponsorship contracts between MBB and the
sponsorship partners. The potential weakness that there is a “biased selectivity” is based on if the collection is incomplete (Yin 1994, p. 80). This might be an issue to some extent since the author did not have equal access to the documentation of every sponsorship contract. However, with the retrieved documentation all the potential points of strength that are “stable, unobtrusive, exact and broad coverage” (Yin 1994, p. 80) were covered because it was only official and double-checked documentation. The accessible data could also be classified as archival records since it was a database of contracts. Further on, the author had the chance to obtain direct and participant observations. Although Yin (1994) claims that these methods are time-consuming and costly and have the risk of biased selectivity and reflexivity, they played a key role within the understanding of the underlying issues. Additionally, it is helpful that the author is an active, full-time employee of MBB, so he received first hand access to the sponsorship selection and implementation process. Concurrently, in-depth interviews with the internal decision makers were conducted to (1) present and find patterns within their understanding of sponsorship (2) make the transition towards target group orientation of MBB’s sponsorship activities and (3) try to find patterns that could help answer the research question.

4.2. Analysis

The collected data needs to be further processed in order to be helpful in answering the research question. Thereby the gained information will be analyzed and put into context in the following sections.

4.2.1. Case Study: General Findings

To remember the purpose of this study it is important to consider the research question once again:

RQ1: How can sponsorship expenditures be allocated more target group oriented and therefore more budgetary efficient?

The following section will provide some basic insights into the experiences within sponsorship activities of MBB as a premium car sales branch. The statements are primarily based on the interviews made with the internal decision makers within sponsorships of MBB. In addition, documentation and personal observations of the author are taken into consideration. The Head of Marketing of MBB points out that there are two features within the term of sponsorship. On the one hand it focuses on corporate spending with the aim of supporting societal, charitable or humanitarian causes. He connected these
purposes with the Corporate Social Responsibility (CSR) of a firm, which has become an important factor within the reputation management of MBB. On the other hand, he suggests, sponsorship is a flexible tool to reach potential and present customers through events or institutions that the customers can identify themselves with. He also claims that both features have the mutual goal to be recognized by customers and to somehow create a positive brand image within both groups of potential and present customers. MBB's Head of Public Relations agrees with that and adds that the importance of public relations is to promote a sponsorship. He emphasizes the broad target group coverage if the press and other media providers report about a certain sponsored event and eventually mention the brand name or show a picture of the brand logo. Thus, it is also an imperative for marketing managers to keep the contact to the press and television, besides supporting sponsorships through advertising, direct selling etc. in order to make them aware of particular sponsorships. This will subsequently generate brand awareness throughout customers on a rather social than on a sales level. He adds at this point that the PR approach is rather based on a long-term as well as a premium product perspective and aims for customer retention rather than on fast sales profits. Asked about the objectives of sponsorships especially for MBB, both answered that for Mercedes-Benz as a premium car manufacturer only top-partners will be considered as sponsorship partners in order to transport the high end brand image concurrently through its sponsorships. Regarding cultural events, these are among others the Deutsche Oper, Deutsche Philharmoniker, and the Komische Oper which was priced as the best opera in Germany in 2015. These institutions are all present in Berlin, which is why MBB aims to have sponsorship relationships with them in order to reach the potential customers of this particular premium market segment and within the unique market of Berlin. As mentioned in the background section, MBB is a sales branch of the Daimler AG and there are some guidelines for the market segments that should be covered by the sponsorships. However, in addition to the basic guidelines there are some sponsorships and celebrity endorsements that are particularly tailored for the market of Berlin such as the KaDeWe, a local shopping mall or the contract with Guido Maria Kretschmer, a Berlin based fashion designer as a brand ambassador. As the Head of Public Relations states, these extra sponsorships show how important it is to be aware of the unique target groups of each market that one tries to cover. The Head of Marketing adds that it is a key factor to reach the customers via their interests and hobbies and connect it subtly with the brand in order to fill the brand with heart.
4.2.2. Case Study Propositions

Particular propositions within a case study help to formulate limitations for the case study research and produce actionable outcomes as well as practical implications in relation to the research question (Yin 1994). The following table presents some proposals for further analysis towards the research topic:

**Table 2: Potential Propositions**

<table>
<thead>
<tr>
<th>Proposition</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Sponsorships should be fully supported by other communication tools as well as by the sponsorship partner.</td>
</tr>
<tr>
<td>2. It is best to have as many market segments covered by sponsorships as possible</td>
</tr>
<tr>
<td>3. Sponsorships are equally targeted towards present and potential customers.</td>
</tr>
<tr>
<td>4. The personal data of present customers plays an important role within sponsorship selection. (“the more you know about your present customers the more you know about potential customers”)</td>
</tr>
</tbody>
</table>

**Proposition 1**

As mentioned earlier, it is a key factor that a sponsorship is supported by other marketing communication tools, such as advertising or public relations, for that sponsorship to achieve maximum awareness. It is the unanimous opinion of the internal decision makers that this support is effectively assigned within MBB. However, it is claimed that the online channels admittedly have a growing stake within the advertising tool case but is not yet fully exploited. In times of the increasing importance of Facebook, Twitter, Instagram, etc. within advertising these are worthwhile instruments to spread the word about sponsorships or other marketing activities (Advanced Computing Conference 2013). Although MBB is already expanding its online appearance via all channels, the Head of Marketing of MBB points out that there is still room for improvement, since it is one of the most important channels to reach the younger generation between 18 and 35 years. He suggests that this particular target group is a key factor in the marketing approach of Mercedes-Benz and that it represents a viable opportunity for expansion. In addition to this, the Head of Public Relations emphasizes the importance of working together with the sponsorship partners. By planning, advertising and implementing an event on a mutual basis, and not only by monetary sponsoring, there is also the motivation for the sponsorship partner to reach his target audiences, which could increase the awareness of an event notably. This mutual effort of promoting the sponsorship could also benefit from common interests within
the target groups. Since it is the maxim of MBB to only have top-partners for sponsorships, the main focus of the customers lies on high-end quality and a particularly prestigious brand image. This common interest could lead to synergies between the target groups of MBB and the sponsorship partner and thus increase the audience. It implies that it should be part of the purpose of a sponsorship to find partners with target groups having a similar mindset e.g. about quality, lifestyle. This could raise the brand awareness within the two target groups respectively.

Figure 1: Mutual Target Groups

**Proposition 2**

The proposition that it is always best to cover as many market segments with sponsorships as possible only partly applies. At this point it is necessary to deliberate that Mercedes-Benz is a premium car manufacturer and therefore needs to transfer this characteristic to its sponsorships. To have a maximum target audience reach it seems reasonable to have as many sponsorship activities as possible. However, one has to keep in mind the target groups that are desired to be reached before spreading sponsorships to every market segment. For Mercedes-Benz it is a key challenge to find sponsorship partners with the same attitude towards quality and similar target groups. With its predefined market segments, MBB already has certain criteria to select potential sponsorship partners. However, since the target groups are constantly evolving, it could be of help to take their fields of interest into consideration in order to establish more distinct selection criteria for sponsorship partners. Thereby, a firm’s target group orientation needs to be
analyzed before finding suitable sponsorship partners which could generate a mutual benefit. At this point the question of whether it is better to invest a big portion of the sponsorship budget in one sponsorship or spread the budget to various small sponsorship contracts needs to be discussed in detail as well. For MBB the five predefined market segments of the Daimler AG are neatly covered through various contracts within the top representatives of the respective segment. Considering the golf segment for example, MBB sponsors various golf clubs in and around Berlin targeting one of the biggest target groups of Mercedes-Benz. This example shows how important it is to define the target group that is desired to be reached in as much detail as possible in order to be able to select suitable sponsorship partners. Thus, it would not be sufficient to claim that customers who like sports should be the target audience. A too broad definition of the market segments covered by sponsorships can lead to inconsistencies within the brand message as well as to doublings, which could confuse customers. Besides market segments with a significantly broad target audience reach, there is also the need to distinct a firm’s brand from competitors in order to create a competitive advantage. If two competitive firms sponsor the same market segments particularly within the premium market segments it becomes difficult for the customers to identify themselves with one specific brand and its image. Therefore it is, especially within sponsorships, an imperative to find niches within the market that transport the brand image and its message and which have at the same time some uniqueness in it. Additionally, the sponsorship selection ought to distinguish from competitors in the same market segment in order to create a competitive advantage. In terms of public relations, for example, MBB collaborated with the Lautsprecher Teufel GmbH producing high-end sound systems for private and corporate customers. An article about the company’s philosophy was published in the quarterly appearing MBB magazine. This example shows how important it is to find sponsorship partners with a similar attitude towards quality and with some overlappings within the customer groups. It is also a niche market segment pointing out the uniqueness of Mercedes-Benz.

**Proposition 3**

In relation to the sponsorship database the target groups MBB aims for with their sponsorships are mostly covered by the already mentioned market segments. Moreover, the Head of Marketing claims that the target groups are defined due to their attitude towards premium quality, which is accompanied with a certain salary level. Based on these distinctions the different sponsorships are chosen. In this case, he claims that the data that could be
acquired from present customers is not used to a satisfying extent. This data could include the interests, hobbies and other things that the customers can identify themselves with. Nevertheless, both agree that the current sponsorships are effectively selected and match the target groups that MBB aims for being oriented towards present customers and potential customers on a rather equal basis. This is supported by the sponsorship documentation, which shows that on the one hand some pointed sponsorships such as golf sport related events are targeted towards present customers by inviting them to these particular events. On the other hand there are sponsorships such as the cooperation with the shopping mall KaDeWe that have a broader target audience and eventually also reach different potential customers. Since these sponsorships have a rather broad spread they are targeted towards potential customers as well as present customers. This is because of a higher exposure that is generated by a higher frequency rate. Taking the example of the KaDeWe into consideration, it has traffic of all kinds of target groups and therefore a considerably higher brand exposure than custom-built sponsorships like within the golf market segment. Although there is the risk of also targeting the wrong target groups by contracting sponsorship partners with a rather broad customer basis. The internal sponsorship decision makers of MBB claim that it is necessary to find a balanced mix between rather pointed sponsorships and broad-targeted sponsorships. In relation to the sponsorship budget there might be a lack of efficiency if too many customers are reached that are not even interested in the brand. However, current sponsorship literature suggests that it is difficult to define an accurate target group, which justifies the effort to reach as many potential customers as possible to some extent. It was stated earlier that the group of potential customers for MBB consists of people who are able to buy a car within the respective price category. However, this classification is still broad and could lead to inefficiencies within the sponsorship selections. Therefore, one has to find certain characteristics within the group of potential customers to limit the scope of the orientation. Although, this is already part of the sponsorship selection process within MBB there is no particular focus on the changes and adaptations of these interests. The Head of Marketing appends the room for improvement in the focus on younger target groups. This implies that the basic fields of interest of the current customer pool needs to be updated on a determined timeframe basis in order to keep the orientation of the sponsorships towards potential customers up to date. In addition to the groups of present and potential customers, marketing managers should take into consideration the corporation’s employees as a source of data supporting strategic sponsorship selection. As pointed out in the literature review, this
group is most likely to identify themselves with the brand and in the case of Mercedes-Benz, provide a large group of present and potential customers. Moreover, it is much easier to get access to the data as well as the interests and mindsets of one’s own employees in terms of legal restrictions and costs of access. From the author’s observations it can be concluded that the employees of a firm also have a high degree of knowledge about the brand, its image and potential measurements that could serve and support the sponsorship strategy. Therefore, it could be a viable method to generate data about interests, hobbies and mindsets of purposefully chosen employees and relate them to the sponsorship selection. Since, for example, the sales force holds contact to customers (potential and present) on a daily basis, they are also capable of assessing the mindsets of customers and therefore enhance the sponsorship selection process. At last, the particular characteristics of the relation between present customers and the premium brand of Mercedes-Benz has to be analyzed. Since cars have a long lifecycle and therefore aim for long-term customer retention, it is an imperative to establish a trustworthy connection between customers and the brand. On the one hand the purpose of sponsorships is to serve the present customers as a brand recognition vehicle so that they can identify their own mindset with that of the brand. On the other hand it is supposed to attract potential customers, also in terms of identification, bind them to the brand and thus create long-term customer retention. Particularly for premium brands like Mercedes-Benz with products embodying a huge investment, a purposeful sponsorship selection is a key factor to maintain consistency because the aim of sponsorships ought not to be fast sales profit. Therefore, over the lifecycle of a premium product such as a Mercedes-Benz car sponsorship sustains the brand awareness especially for present customers through pointed sponsorship events and eventually convinces them to stay with the brand and buy a new product once the lifecycle of the current product is over. Based on observations and experiences of the internal decision makers it can be attested that sponsorship contracts with other premium partners maintain the positive brand image of Mercedes-Benz over the lifecycle of e.g. a car and therefore creates long-term customer retention.

**Proposition 4**

In times of Big Data, it has become a main concern of corporations to know as much about its customers as possible (Khan et al. 2014). This data collection is conducted through direct customer surveys, customer benefit programs and so on (Khan et al. 2014). The restrictions for data collection and the use of it are very austere and the customer has to agree first before the data can be used.
(Khan et al. 2014). In general, there is a growing concern about data security and it is feared that there is a black market for customer data trade (Khan et al. 2014). However, particularly for marketing purposes it is a key factor to know the target group that one is aiming for as in-depth as possible in order to avoid inconsistencies and a too broad spread of the marketing campaigns. The personal data of customers helps firms to break down and limit the target groups and therefore allocate the budgets more efficiently (Khan et al. 2014). In the case of MBB, this applies as well, and this can be seen in the present customer database containing basic personal data such as name, address, date of birth but also, if disclosed by the customer, what kind of car the customer drives at the moment. The internal decision makers point out that this information is important to target potential customers driving a car from a competitor with marketing campaigns for the cars that are in the same price range. For customers already driving a Mercedes-Benz vehicle, the information about which car they drive is important because then the marketing department can aim on long-term customer retention by distinctively targeting the customers with advertising e.g. for a new version of the model that the customer is already driving. The database of present customers helps MBB to create customer pools that can be adapted, thinned out and enhanced towards the purpose of a certain marketing activity. Once the customer has agreed that MBB can use the necessary information they are eligible to receive advertising material. A channel, as mentioned earlier, that has an increasing stake within the communications mix is social media. The customers being reached via e.g. Facebook already have a certain interest in MBB since they followed the Facebook page of MBB in the first place. Therefore, they have a particular concern about anything that is new within MBB and can filter advertising on their own. What seems to be in evidence is that for advertising purposes the customer database is of good help to keep the scope in limits and reach the designated target audiences. For sponsorship activities the personal data such as names, address etc. is helpful in regards of the support through advertising. Yet, there is no category within the database of present customers that would distinctively support sponsorship selection and targeting. The data that would help to select more efficiently towards the target audiences would be their interests, hobbies and mindsets. Since a car has a relatively long lifecycle and customers tend to stay with one brand, they are potentially more willing to disclose information about their interests than, for example, within the fast moving consumer goods (FMCG) market. For most people a car is a big investment including a professional sales conversation with a sales person who is determined to find a trustworthy relationship with the customer. Especially within MBB it can be observed that once a customer was satisfied with the
product and the sales process as a whole, there is a big chance that he will come back and buy a new Mercedes-Benz vehicle from the same sales person. This trustful relationship can be used but not exploited to gather more distinct data from these present customers so that they will benefit as well from more specialized, targeted-towards-their-interests sponsorships. From this deeper knowledge about the present customers, not only the sponsorship selection would benefit but also advertising, direct selling and all the other communication tools. Therefore, the whole marketing communications approach would improve towards a more distinctive target group orientation.

In the case of MBB the fields of interest of their customers are strongly connected with the sponsorship market segments determined by the Daimler AG. Thus, one can note that in the process of finding out more about the interests and mindsets of customers, a firm should already tie it to market segments where potential sponsorship partners can be found. This limits the efforts that need to be conducted in finding sponsorship partners at a later stage. As mentioned earlier MBB has a considerable portion of its sponsorships within golf sports. Within the current database, the customers who are interested in golf sport already have a flag so that they can be invited to golf-related events that are sponsored by MBB. This example shows how helpful and efficient such a flagging system is in order to conduct sponsorship activities more target group oriented. Moreover, a flagging system could be of help within the sponsorship selection process. Further steps towards this would be to 1. flag the customers within the other sponsored market segments 2. add new market segments and 3. use the data from present customers to reach potential customers. Since the present customers (being about to buy or already driving a Mercedes-Benz vehicle and being in the MBB customer pool) used to be potential customers one could use the data about their interests and mindsets and adapt these to the group of potential customers. Based on observations it can be noted that potential customers especially within the target groups of the MBB sponsorship activities have a similar mindset and similar interest fields than the present customers, which is often the case within premium brands. Nevertheless, within MBB it is claimed that there is a lack of targeting the younger audience between 18 and 35. The current customer pool also contains notably less data about this particular target group than about the traditional Mercedes-Benz target groups. However, to find out more about this generation of target group MBB has to find other ways since it is not considerably represented in the database of present customers. The younger generation uses social media on a considerably higher degree than older target groups (Khan et al. 2014) this could be a viable channel to generate data about the fields of interest within the target group of customers.
between 18 and 35. A practical implication could be to initiate a survey on Facebook asking about interests linked to market segments that are potentially worthwhile to sponsor and have some kind of raffle as an incentive. Thereby the internal flagging system of present customers would be extended by data from potential customers within the younger generation. This would also imply the focus on future and thus long-term perspective customers. The claimed proposition could also be of help in terms of budgetary allocation. If, for example, 50% of the present customers claim that they are interested in fashion but only 10% of the sponsorship budget is invested into fashion sponsorships, one ought to close this gap. The internal decision makers of MBB suggest that the sponsorship selections are rather based on the already existent contracts and market segments rather than on the actual interest dispersion of the present customers. This could lead to inconsistencies of the sponsorship budget allocation. In order to allocate it more target group oriented, a flagging system of the customer pool towards interests, hobbies, mindset etc. would be helpful. All in all one could note that the data about present customers generates a firm basis for future target group orientation and a more effective budget allocation.

5. Discussion

At this point the general findings of the case analysis will be presented and contrasted with the relevant research literature as well as with the claimed propositions in order to conduct an explanation building.

“Sponsorships should be fully supported by other communication tools as well as by the sponsorship partner.”

This proposition fully applies and is backed up by the findings of the case study analysis. Grimes and Meenaghan (1998) note that a sponsorship as an isolated event would not increase considerable brand awareness and that other tools from the marketing communications must support it. To some extent MBB is applying its marketing strategy to this proposition, for example, through advertising pointed sponsorship events via magazines or newspapers. However, there might still be a lack in the coverage within social media in order to reach the young target audience between 18 and 35. It might be in evidence that some sponsorships e.g. within the golf sport segment are not particularly targeted towards them and therefore make social media as a promotion tool obsolete. However, social media as an advertising channel should always be taken into consideration as support for sponsorships. Tripodi (2001) claims that it is more costly to promote a sponsorship via all
channels but in order to achieve maximum brand awareness it is an imperative to invest in order to generate an outcome that matches with the predefined objectives of a sponsorship. It also applies in relation to the statement of Gardner and Shuman (1987) claiming that the aim of a sponsorship is to create a mutual benefit for the involved parties. The second important finding in relation to the proposition was the importance of the support of sponsorship partners. Additionally, to the support via all tools of the marketing communications mix the promotion of a mutual sponsorship on an equal footing could generate a remarkable enlargement of the reached target audience. It is thereby necessary to work on an equal basis because a sponsorship partner needs to have a certain motivation to promote a sponsorship on his own and make his target audience aware of the sponsorship. To conclude the explanations in relation to the proposition one could note the following findings:

- In order to have a maximum reach within the desired target audience, sponsorships need to be supported by other marketing communication tools.

- A sponsorship between two parties needs to be on an equal footing in order to motivate both parties to promote the sponsorships towards their target groups and therefore enlarge the overall target audience.

“It is best to have as many market segments covered by sponsorships as possible.”

As the focus of this paper lies rather on premium brands this proposition does not apply. Dolphin (2003) points out that it very costly for a corporation to target the wrong target group. For MBB representing a premium brand within the automotive market there is a considerable risk of targeting the wrong or a too broad target group. The findings of the case analysis suggest that the sponsorship partners need to be chosen purposefully and not merely based on the biggest target audience reach. The internal decision makers of MBB point out that it is to find a viable balance between pointed sponsorships aiming for long-term customer retention and sponsorships with a broader target audience in order to attract potential customers and to keep the sales promotion in focus. As Brown and Cox (1997) suggest, the target audience changes and adapts over the time and also over the product range of a brand. Therefore, a certain variety and also adaptations within the sponsorships must be given in order to match the interests of the predefined target groups as purposeful as possible. To conclude the explanations in relation to the proposition one could note the following findings:
• For a premium brand it is important to choose the sponsorship partners purposefully (quality, target audience etc.)

• A sponsoring premium firm needs to find a balance between pointed sponsorships for its present customers and spread sponsorships more to attain potential customers

“Sponsorships are equally targeted towards present and potential customers.”

In the case of MBB this proposition applies but as already mentioned in the discussion of proposition 2 this does not mean that they are targeted equally in regards of sponsorship activities. Brown and Cox (1997) define the overall target audience of a firm as a mix of potential customers and present customers. In addition to this, Thwaites (1995) adds the groups of general public or local communities, workforce and other external stakeholders such as distributors, suppliers and the government. Within the case study it was found that the workforce is an essential group of customers as well as a viable source for customer data. Moreover, for a premium brand like Mercedes-Benz providing products with long-term lifecycles the group of present customers is of special interest. The relation of this particular group with the brand needs to be considered within sponsorship selection. This is because some particular members of this group can be identified as so-called opinion leaders (Grimes & Meenaghan 1998). Their actions, in this case purchase decisions, are most likely to be adapted by other members of the designated target group. Therefore pointed sponsorships targeted towards present customers are a key factor in long-term customer retention especially when successfully binding the opinion leaders to the brand. To conclude the explanations in relation to the proposition one could note the following findings:

• A sponsoring firm needs to keep in mind the changes of the target audiences over the time and the product range

• Besides present and potential customers, employees provide an interesting target group as well as an easily accessible source of customer data

• Within present customers sponsoring firms should particularly focus on opinion leaders

“The personal data of present customers plays an important role within sponsorship selection. (‘The more you know about your present customers the more you know about potential customers.’).”
In relation to the research question this proposition might be the most important one. All in all, one could state that the personal data plays an important role within sponsorship selection. Within the literature section, it is pointed out that various researchers note that the measurement of the effectiveness of a sponsorship is difficult, although the impacts of sponsorships, especially on brand awareness, are mostly positive (Meenaghan 1991b; Cornwell et al. 2001). Based on these difficulties, it is precisely because there is an urgent need for a purposeful and in-depth defined sponsorship selection. Especially within marketing research it is a highly praised imperative to have as much data about potential target audiences as possible. Thereby even the implication of the proposition that the more you know about your present customers seems to apply, although the personal data of customer needs to be handled within the legal restrictions. Nevertheless, the personal data such as name and address needs to be extended towards interests, mindset and attitudes. Thereby a firm needs to find a viable method to access this valuable data and adapt it to the sponsorship selection. According to the findings of the case study, one way to define the target group in-depth is to analyze the present customers and especially the segmentation within the pool of current customers. By doing this, sponsorship activities could be selected more according to the customer's interests and by analyzing the segmentation within the customer pool. The expenditures for different sponsorships could be more target group oriented, thus more efficient. This segmentation of current customers could merely be done if the sponsoring corporation already has a certain customer pool which is worth to do a segmentation in. To conclude the explanations in relation to the proposition, one could note the following findings:

- Information about interest, mindset and attitude should be added to the customer data pool in order to enable a more target group oriented sponsorship selection

- A sponsoring firm needs to close gaps within the distribution of present customer interests and the sponsorship budget allocation

5.1. Practical Implications

The previously presented findings within the discussion sector implicate some practices that are rather feasible and could be put into action quickly. At this point for each of the propositions practical implications will be explained. The actions will be based on the case of MBB but could be adapted by any firm conducting sponsorships within the premium sector. Agrawal and Kamakura (1995) claim that celebrity endorsements provide a considerable portion within
all sponsorship activities. Celebrities in this case could be seen as brand ambassadors and also opinion leaders. As Berlin is a unique market providing a high density of celebrities especially within sports and music it could be a potential niche market to invest more into celebrity endorsements. In relation to proposition 1 pointing out the importance of the support of other tools of the marketing communications mix, celebrity endorsements are a feasible sponsorship activity in terms of social media promotion. The internal decision makers of MBB mentioned the lack of focus towards the younger target group. Thereby MBB could try to detect a young celebrity transporting the brand message and at the same time being an opinion leader that the young target group between 18 and 35 can identify themselves with. It was pointed out earlier that social media is an important channel to reach this particular target group. Therefore one could support the endorsement predominately through social media channels in order to make it somehow pointed and particularly targeted towards this specific target audience where pictures and videos play an important role within social correspondence. A celebrity endorsement has the potential of being an endless source of pictures. Therefore the following practical implication can be concluded:

Find a young celebrity who can deliver the brand message and serve as an opinion leader and promote the sponsorship predominantly through social media channels in order to reach the young target audience between 18 and 35.

In relation to the findings of proposition 2 which was to find a balanced sponsorship partner selection the following framework could be used as a selection guideline:

- Which target groups are desired to be reached? (interests, mindset etc.)
- Avoid doublings and keep the competitors sponsorships in focus
- Find market segments covering the brand image
- Find a niche market segment to distinguish from competitors

In relation to proposition 3 and 4 which were to point out the importance of the in-depth data of the present customers within sponsorship selection MBB should conduct surveys on the one hand with purposefully chosen salesforce members being a viable source of customer data and on the other hand with customers who are about to buy a car at MBB. They are most easy to be assessed since it would not be considered as professional if all the present customers were called and asked about their interests and mindsets. In
addition they are about to make the transition from being potential customers towards being present customers entering the customer pool which would somehow cover both of these target groups. The customers being at the point of sale as well as the salesperson could fill out a survey scorecard. This scorecard could be divided into two sections whereas the first section could ask for ranking the already covered market segments such as golf, opera etc. and the second section asking for the opinion about new market segments such as gardening or traveling. With the generated data MBB could not only explore new sponsorship market segments but also weigh the current sponsorships based on the opinion of the customers. The purpose of this paper was to find out a way to make the selection process for sponsorships and celebrity endorsements more effective and to tailor them neatly to different target audiences. One way to do this is to flag the different customers into target groups in regard of sponsorships. Especially at Mercedes-Benz with its sponsorship guidelines this could be a viable way to allocate the increasing expenditures more efficiently. As sponsorship is part of the marketing mix it underlies the same risks, internally as well as externally, as every other advertising activity. Therefore, it should also underlie the same precautions for the selection as well as the measurement procedures. By obeying the provided explanations and implications particularly the selection process for sponsorship activities could be more target group oriented as well as more budgetary efficient.
6. References


