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Puma: A Sponsorship Case Study

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Abstract

This case study provides an overview of the sporting goods retail industry and the main players in the market and presents a decision-making moment from the Head of Sports Marketing Teamsport in PUMA regarding the company's strategy for the year 2013, revolving around the pursuing one of the world's leading football teams in order to get a sponsorship deal, or on the other hand it is better for the brand to make smaller deals with more teams with a smaller dimension. In the football, or soccer, environment, it becomes important for brands to use, in the way of sponsorship, teams and athletes as reference groups for their final consumers. In the sporting goods retail industry, brands try to use opinion leaders and their media visibility to increase the merchandising sales, create a relationship with the consumers and leverage their position against the rivals, which is precisely what this case study is about.

In the teaching notes there are some frameworks that may apply for this subject, as well as a proposed case resolution.

Keywords: *sponsorship marketing, football club sponsorship, Puma, reference group, global vs local brand*

Resumo

Este caso de estudo mostra uma visão geral da indústria de produção de artigos desportivos e das maiores entidades no sector e apresenta um momento de tomada de decisão do Director de Marketing para os desportos de equipa na PUMA, sobre a estratégia empresarial para o ano 2013, que anda à volta da opção de perseguir uma das grandes equipas de futebol mundial para conseguir um contrato de patrocínio, ou por outro lado será melhor para a marca fazer mais contratos, com valores mais baixos e a mais equipas. No mundo do futebol, é cada vez mais importante que as empresas utilizem, sob a forma de patrocínio, atletas e equipas como grupos de referência para os seus consumidores finais. As empresas na indústria de artigos desportivos tentam utilizar os líderes de opinião e a sua visibilidade nos Media para aumentar as suas vendas de merchandising, criando uma relação com os consumidores e alavancar a sua posição face aos competidores, o que é o tema central deste caso de estudo.

Nas notas de ensino são resumidos alguns assuntos que estão relacionados com o assunto, assim como uma proposta de resolução para o caso.

Keywords: *marketing, patrocínio, futebol, Puma, grupos de referência, marca global vs local*

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The year of 2013 had just started and John Adams, PUMA's Head of Sports Marketing Teamsport, was about to enter the first board meeting of the year. It would serve as a benchmark for the rest of the year, as it would introduce his vision for the upcoming year's marketing program. For this year, he has decided to point out a clear Global Sports Marketing strategy for the company in order to increase the brands results through football team(s) sponsorship, but he still isn't sure if the path chosen should be one of focusing PUMA's financial efforts into sponsoring one major football team, which would allow them to close the gap between PUMA and their rivals or, on the other hand, sponsor a couple of football teams and increase the brand's visibility and credibility across the globe.

Company History

PUMA was founded in 1948 by Rudolf Dassler in Herzogenaurach, Germany, after him and his brother decided to split the sporting goods company that they had started in 1924. His brother founded a competitor called Adidas.

Since the introduction of their first football boot, their products started to be noticed in Hanover 96 squad when they won the German championship, in West Germany national team and when Heinz Fütterer broke the 100m world record in Yokohama (1954). In the 1960's, the company innovated by introducing screw-in-studs in their boots and later on by introducing a vulcanization technique in the shoe making process, joining the sole and the shoe together, and got recognition when Brazil won the World Cups in Chile (1962) and Mexico (1970), while Pelé was wearing the German brand's boots. Also, in 1986 in the FIFA World Cup quarter finals in Mexico, a PUMA athlete, Diego Maradona, got great visibility when he scored a goal with his hand wearing PUMA. They also had 3 gold medalists in the Tokyo Olympic Games in 1964 and Mexico in 1968, where their sponsored athlete did the Black Power salute along with the bronze medalist.

In 1993, Jochen Zeitz was appointed CEO in a time where the company was having some financial difficulties. He was able to turn the company around, while improving their product's quality and design and turning PUMA into a more lifestyle-oriented brand, with partnerships with known designers and special collections.

Over the years, PUMA has been present in many sports by sponsoring athletes and teams. In 1977, Argentinean Guillermo Vilas wins the French, US and Australian Opens wearing PUMA shoes, in 1985 Boris Becker won in Wimbledon with PUMA shoes and racket. Martina Navratilova was also sponsored by PUMA and more recently Serena Williams. In 1999, they became the sponsor of the U.S. National Football League (NFL) and were the uniform manufacturer of both teams playing the Super Bowl that year. In 2004, PUMA signed a multi-year contract with F1 team Ferrari, becoming the official licensee of replica and fan merchandise. In 2008, PUMA entered with a team in one of the longest and hardest sailing competition in the world – the Volvo Ocean Race as the first Sports-lifestyle company to participate in a venture of this kind. They have also sponsored many athletes over the years, including Usain Bolt who broke three world records (100m, 200m, and 4x100m by Jamaica) both in 2008 and 2009. In football, they have sponsored many athletes, such as Pelé,

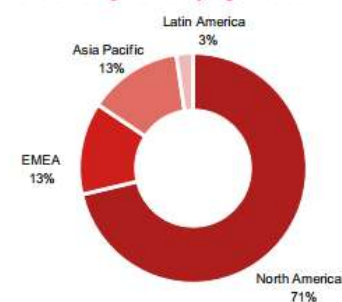
Eusébio, Maradona, Martin Palermo, John Crujff, Robert Pirès, Thierry Henry, Guti and Samuel Eto'o. They also became sponsor of the Italian national team, winner of the 2006 World Cup. Nowadays, PUMA sells Football, Basketball, Running, Golf, Motorsport and Cricket equipment.

PUMA's mission is to become "The fastest sports brand in the world", which reflects a 65 year history of making fast product designs for the fastest athletes on the planet and a pursuit of whatever is next, in performance innovations, cultural trends, fashion and style.

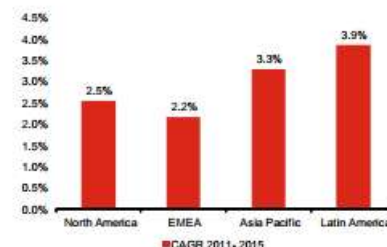
Industry Overview

As sponsors increased the amounts allocated to sports, the sports merchandising industry grew along. In 2010, the global merchandising revenues were \$17.6 billion, where North America was the main source of merchandise revenue, and even though there has been a decrease in merchandising expenditure during the economic downturn, PwC estimates that it will reach \$20.1 billion in 2015, until when the revenue in all regions - North America, EMEA (Europe, Middle East and Africa), Asia Pacific and Latin America - will increase, especially in Latin America, where this market will grow at a 3.9% rate.

Merchandising revenue by region 2010



Merchandising revenue growth by region 2011-2015



Source: PwC, Outlook for the global sports market to 2015, Changing the game, December 2011

Globally, the sporting goods retail industry is dominated by Nike and Adidas (which account for approximately 70% of the football exposure), with PUMA being a distant third place. In the athletic footwear market, Nike and Adidas account for almost half of the market. In 2011, the PUMA brand was valued at US\$2.3 billion, while Adidas was valued at US\$6.7 billion and Nike at US\$15 billion¹. The three brands have put much effort into their integrated marketing communications through contracts with athletes, sponsor/partnerships with known teams and players in many sports such as football, athletics, golf, sailing, etc., and many international events, as it was the case of Olympic Games or the Football World Cup, as they try to gain visibility in their customer's mindsets in order to be their first choice in the purchasing process. Their competitiveness is present in many different sports, ranging from football, to basketball, baseball and cricket.

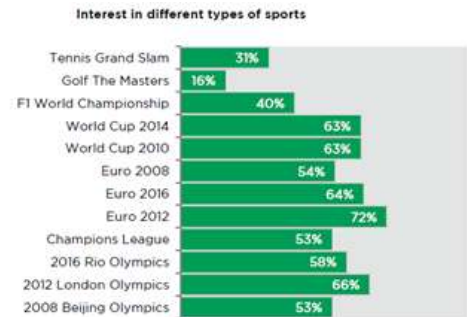
One benefit of sporting goods, and merchandising in specific, is the ability to engage also the consumers who cannot be present for the teams' matches, including those who live in a different place. With the help from the diffusion of the Internet and television, this engagement helps to monetize sports brands in those markets and also to create demand for media coverage of the

¹ BrandFinance® Global 500 (2011)

teams involved. This increasing engagement has proven to lead to higher expenditures in merchandising products and companies such as Nike, Adidas and PUMA will certainly try to improve on this area.

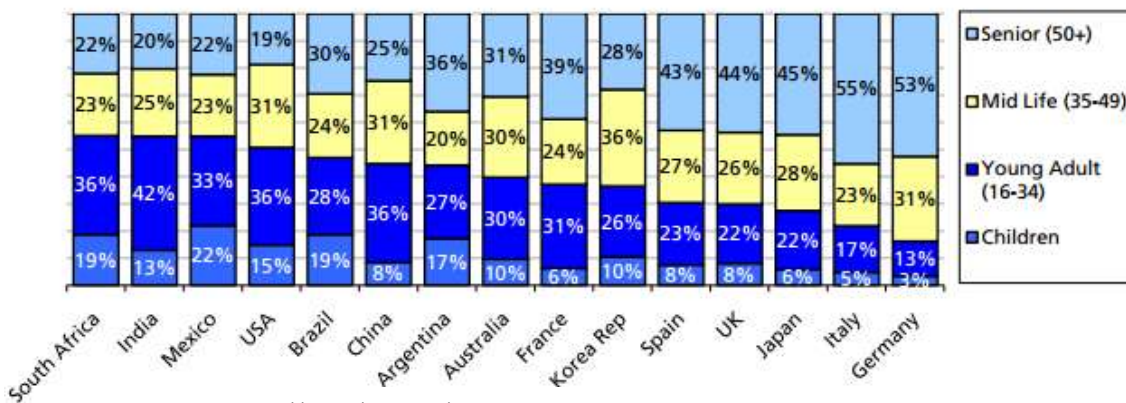
Despite the recent economic turmoil, the sports industry has continued to grow, with major events getting more and more attention, while small ones struggle to get support. Sponsors are still eager to be part of this industry and are still trying to get the most of the new types of existing media and using more sophisticated data mining in order to gain insights into their target markets.

In terms of audience, football is a sport that is becoming more and more of the masses. 2.2 billion people watched the 2010 World Cup final in South Africa, with an average 188.4 million viewers per game during the tournament. Taking the audience profiles below into account, it is possible to see a good distribution between ages, genders and social income, which is a strong reason for the investments made in football:



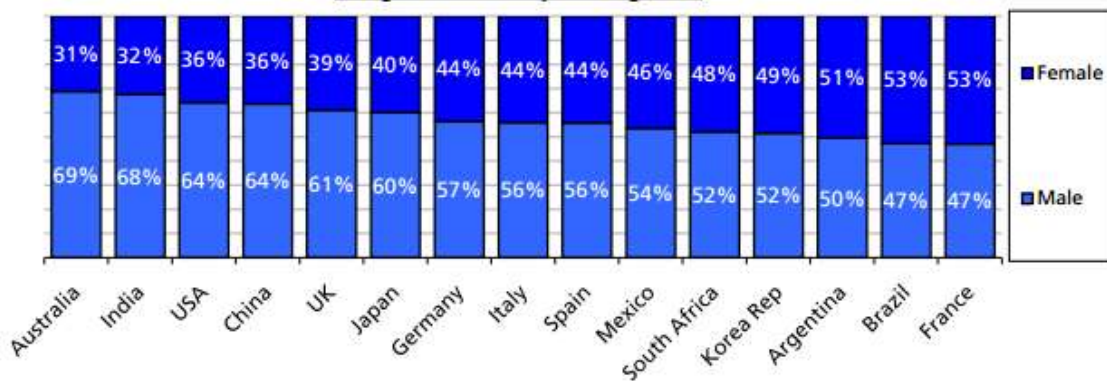
Source: PHD Euro 2012 Report

Live game audience profile - age



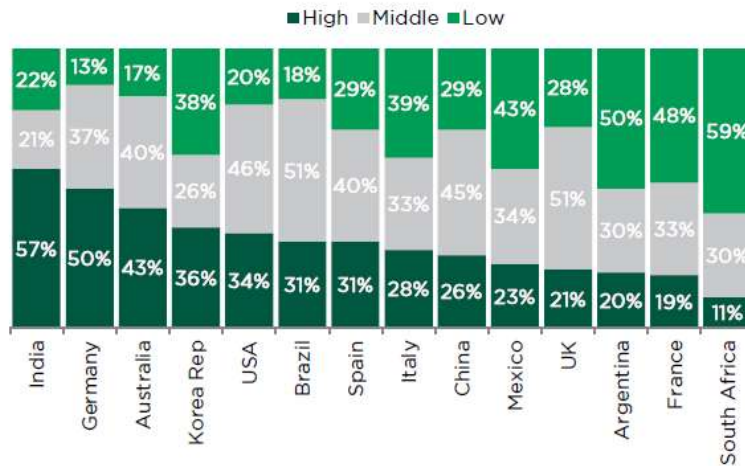
Source: FIFA, 2010 FIFA World Cup Television audience report

Live game audience profile - gender



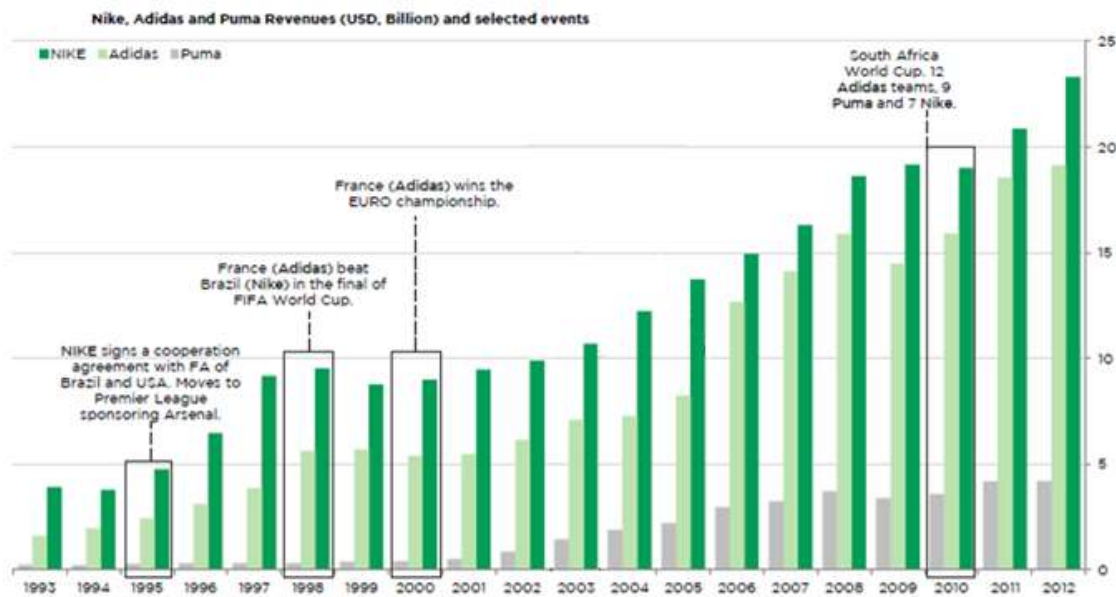
Source: FIFA, 2010 FIFA World Cup Television audience report

Live game audience profile in different countries - socio economic class (2010, World Cup South Africa)



Source: Kantarsport, FIFA

Main players in the market



Source: Bloomberg, Karl Lusberg Football Lounge



Since its foundation in 1971 in Oregon, US, **Nike** has grown into a multibillion dollar company that most of the world is familiar with. Nike is currently the world's number 1 athletic shoe and apparel seller, striving to bring inspiration and innovation the every athlete in the world, with revenues of €17.2 billion in 2012². They offer a wide variety of products, from sports footwear and equipment and lifestyle clothing, focusing on performance driven style. The company uses a marketing strategy focused on their distinct logo and advertising slogan "Just do it!" and with partnerships with sports

² Nike Annual Report, 2012

personalities such as Michael Jordan (creating a sub-brand in Nike's portfolio, Air Jordan), Eric Cantona, Luis Figo and Tiger Woods. Currently the Nike group owns the Nike, Air Jordan, Converse, Nike Golf and Hurley brands, showing that the company is not only operating in the sporting goods industry but is also active in the lifestyle apparel industry.

Currently, Nike has many sponsorship contracts ranging from college football teams to world-class players within various different sports, including national teams and events. Some of the sponsored entities are: NFL football and South Korean baseball (providing uniforms for all the teams); Olympiacos, Barcelona, CSKA Moscow, Brazil, France and Spain (basketball teams); the Indian cricket team; Boca Juniors, Arsenal, Manchester City, Manchester United, Juventus, F.C. Internazionale, A.S. Roma, PSV, F.C. Porto, Barcelona, Atlético Madrid, Brazil, Netherlands, Portugal and United States of America (football teams); the Brazilian, English, Spanish and Italian football leagues; Tiger Woods and Rory McIlroy in Golf; Juan Martin del Potro, Rafael Nadal, Roger Federer, Maria Sharapova and Serena Williams in Tennis; Fernando Torres, Cristiano Ronaldo, Wayne Rooney and Wesley Sneijder (football players) and LeBron James in basketball.



Adidas was founded when the two brothers decided to split their company, in the same year as PUMA. The main brand symbol from Adidas is their three-stripe design, present in their logo, products and marketing efforts. In 2005, Adidas purchased their competitor Reebok, in order to be more competitive with Nike, specifically in the U.S.A. In 2004, Nike had approximately 36% market share in the United States shoe industry, whereas Adidas and Reebok accounted for 21% of the market. This acquisition made Adidas a clear second player in the sporting goods industry. Also in 2005, Adidas has introduced an innovation in the market, by creating a shoe that incorporated a microprocessor, capable of doing over 5 million calculations per second, that adjusts the shoe's cushioning in order to be more adequate for its environment. This is consistent with the brand's mission of improving their athlete's performance through innovation. The company's messages are targeted and tailored at one of their three main areas "sport performance", "sport heritage" and "sport style", being the first one the area that deserves more attention. In more recent years, Adidas has co-developed lifestyle collections with famous designers in order to compete more heavily in this market and in 2012, Adidas reported €14.8 billion in sales³, which came as a consequence of their sponsorship efforts.

Nowadays, Adidas has many sports sponsorships in American football, archery, artistic gymnastics, baseball, basketball (such as Derrick Rose, Dwight Howard, the Colombian and the Great Britain national teams, Real Madrid, ALBA Berlin and Milan teams, and the Lebanese Basketball League, the NBA, WNBA and NBDL leagues), boxing, canoe racing, cricket (such as the British and South African national teams), cycling, fencing, hockey and football. In football specifically, Adidas has sponsored championships and cups (Argentinean, German, Portuguese and French League 1)

³ Adidas Group full year report, 2012

national teams (such as Argentina, Colombia, China, Germany, Russia and Spain), teams (including River Plate, Chelsea, Olympique Lyon, Bayer Leverkusen, Bayern Munich, Benfica, AC Milan, Ajax, CSKA Moscow, Real Madrid and Panathinaikos) and known players like Lionel Messi, Juan Román Riquelme, Javier Zanetti, Daniel Alves, Kaká, Edison Cavani, Luis Suárez, Mesut Özil, Philipp Lahm, Xavi, Frank Lampard, Alessandro Del Piero, Éric Abidal and Iker Casillas. Also, the company has made great effort into being present in the major events in sports such as the Olympic Games, the UEFA Champion's League, Super Cup and Europa League and FIFA World Cup, which are some of the most valuable sports events in the world⁴.



The main marketing elements present in the company's marketing efforts are the **PUMA** logo (with or without the letters) and the PUMA form stripe, originally present in the side of the shoes. In more recent years, PUMA has become synonymous of sport, fashion and style, through their fresh designs, co-branding and partnership activities. PUMA has also created concept stores, so that the customers could experience the brand. Nowadays, the brand has products for many different sports, such as football, running, cricket, baseball, motorsports, BMX, rallycross and golf. The company has reported total annual sales of €3.2 billion in 2012⁵ and got great visibility by competing with Adidas and Nike recently in sponsorship count at the FIFA World Cup 2012, where they sponsored 9 teams against 7 and 12 of Nike and Adidas, respectively, and the CAN African Nations Cup where they had 7 sponsored national teams in 16 possible, against 3 of Adidas and 1 from Nike.

Currently PUMA is a sponsor in sports such as boxing, cricket, fencing, gaelic games, golf, motorsports (with Ferrari, Mercedes AMG Petronas and Williams), rugby, sailing, tennis, track and field (including six-times world record beater Usain Bolt) and football, and also sponsors the arts, such as music or movies, with Deadmau5 and City of Angels. In football, 10 African national teams are included along with the Italian as PUMA sponsored teams. In terms of clubs, Independiente, Borussia Dortmund, Palermo, Feyenoord, Sporting CP and Espanyol are some of the clubs in their sponsored list. PUMA also sponsors a number of athletes, such as Sergio Agüero, Dante, Samuel Eto'o, Yaya Touré, Michael Carrick, Olivier Giroud, Thierry Henry, Mario Gómez, Asamoah Gyan, Gianluigi Buffon, Nemanja Vidić, Marat Izmailov and Marta (female FIFA World Player of the Year five consecutive times, in 2006, 2007, 2008, 2009 and 2010).

⁴ <http://www.forbes.com/pictures/mlm45jemm/the-most-valuable-event-brands/>

⁵ PUMA Business and sustainability Report 2012

Sponsorship Marketing

PUMA, and John Adams, know that consumers pay more attention to celebrities⁶, as opposed to non-celebrities as they relate more to people that they look up to. By sponsoring their targets' reference groups and favorite athletes, brands ensure that the message is spread more quickly, and if we think of endorsements as product placement activities, which gain a greater amount of media exposure, the brand is bound to be recognized by the consumers.

Also, the message that is passed in a celebrity endorsed advertising is that the brand has brought benefits to the celebrity and it will do the same for the consumer, both in terms of performance and imagery, where a consumer will feel like a superstar or athlete, giving a meaningful description of the company. In terms of response, the brands wish that the consumers feel good about the brand and like it, which is easier to achieve by sponsoring a team, which provides great brand loyalty and engagement from football fans than just one celebrity. In some sponsorship deals, the sponsor is seen as a benefactor towards the football team, which enhances the chances of the fans relating with the brand, since they are supporting an entity that is loved and cherished by the consumers.

Sponsorship is useful for sports brands such as PUMA since it increases the credibility of the brand in the market. No store or consumer will buy a product that they have never heard of, and seeing a charismatic athlete, team or event using those products will increase consumers' and retailers' trust in the brand. This credibility is a consequence of the media exposure that the brands can get by sponsoring a sport in general, which will lead to an increase in brand awareness and recognition near the retailers. Hopefully with the support of other marketing techniques, this brand awareness will be transformed into brand recall and purchase intention by the consumers. For example, in 1984 PUMA was selling only 15,000 tennis racquets a year. In 1985, following Becker's first victory in Wimbledon and his backing of PUMA's rackets, sales jumped to 150,000 rackets⁷.

The companies that endorse football athletes or teams want to take advantage of the media exposure provided by them and place their brands in the TV area, so that they are as much noticed as possible. Either by putting the brand logo in the team's jersey or the boots of a football player, there are moments when those logos are captured by the cameras (when a player is filmed you can see the logo on the jersey, in the kick-off, you can usually see the boots of the players, etc.). On the other hand, brands also focus on the off-the-pitch moments, either the interviews done outside the stadium or when the player goes for a walk in the city and is captured by the cameras, for example. For example, the Euro 2012 Impact Report had shown that Coca Cola, Adidas and Mc Donald's (Official Sponsors) were the brands more associated with the event, but brands such as Nike (sponsor of teams and players) and Visa (sponsor of other football events) seem to be associated with it in the consumers' minds, which shows that sports endorsements have a lasting impact in the consumers' minds.

⁶ Abhilasha Mehta, *Celebrities in advertising*, The advertising business, Sage Publications, 2009

⁷ Jeannet and Hennessey, 1988

The following table shows some information regarding the current world's top football clubs' sponsorships in the sporting goods industry⁸:

Club	Sponsor	Started in	Last Negotiation	Until	Value per year (in M€)
Real Madrid CF	Adidas	1998	2012	2020	38
Barcelona FC	Nike	1998	2008	2020	33
Arsenal FC	Nike	1994		2014	14
Manchester United FC	Nike	2002		2015	31.5
Manchester City FC	Nike	2012		2020	14
Chelsea FC	Adidas	2005	2011	2018	25
Liverpool FC	Warrior	2012		2019	30
FC Internazionale Milano	Nike	1998	2009	2019	18
AC Milan	Adidas	1998	2008	2023	16.5
Juventus FC	Nike	2003		2015	13
FC Bayern Munich	Adidas	1966	2011	2020	20
PSG FC	Nike	1989		2014	6.5

Table 1 - Top football teams' sponsorships

In the case of PUMA, the company gives a great importance to find a good balance between players, clubs, national teams and events. In some occasions a player may be a better sponsoring option, whereas on others a football team brings other elements to a brand that a player is not big enough to bring.

There is also a distinction inside the company in terms of the importance of the football teams, separating Tier 1 football clubs (the most relevant teams in the world), from tiers 2 (football teams continuously in the top of their respective leagues, with regular performances in European competitions) and 3 (middle of the table football teams, with occasional appearances in European competitions), and then others smaller football clubs. Global assets such as the sponsorship of one of these Tier 1 teams falls under the responsibility of the International PUMA, whereas the sponsorship of any other Club team would fall under the responsibility of the respective local market, who based on the Global strategy and guidance will define the local strategy given the specifics and special circumstances in the local market. In general, the main objective of PUMA's sponsorship is demand creation, that is, to increase the product's desirability in specific and global markets.

Also it is known that a normal sponsorship deal, where PUMA would be nominated *Official Technical Sponsor* of a team, turns PUMA into the only brand allowed and able to be associated with the club, both for marketing, product and sales purposes. Also, it is also appointed some branding space in the stadium (perimeter boards, in the seats, store, training grounds, etc). Other types of deals include a Master License, which extends to all merchandising rights, including key rings and replica shirts (PUMA's deal with the Italian national team for example). There are also

⁸ <http://www.sportingintelligence.com/2012/10/08/real-madrid-and-barca-earn-most-from-kit-deals-united-and-liverpool-closing-in-081002/>

some clubs and brands that include the club's retail operations and the sponsor runs and operates the stores.

PUMA's budget for advertising and promotion of the brand is defined through the percentage of Net Sales, which has to be divided Operational Expenses such as Marketing, Human Resources, Inventory, Facilities and so on. The exact split is defined according with the general company strategy, some specific sponsorship opportunities and a specific marketing campaign for example. In their sponsorship efforts, PUMA evaluates their return by analyzing the cost to reach a thousand consumers in their target group. The 2013's budget for new sponsorship deals was set on €30M.

The consumers

Consumers in general respond better to an advert endorsed by a celebrity or a group of celebrities since they are a part of their reference group, that is, the groups that provide the values and attitudes that become influential in shaping behavior. Primary reference groups include the family, co-workers and other intimate groupings, whereas secondary groups are social organizations in which less continuous interaction takes place, such as professional associations and trade organizations.



Football players belong to these so called reference groups, as they become specific physical reflection of a person's desired self. They are present in the elite of athletes and all consumers who enjoy sports may look up at them for inspiration. And even though the admiration may be linked to the athletic performance, the fact that they use a certain type of products or brands incorporates the message that those products bring them

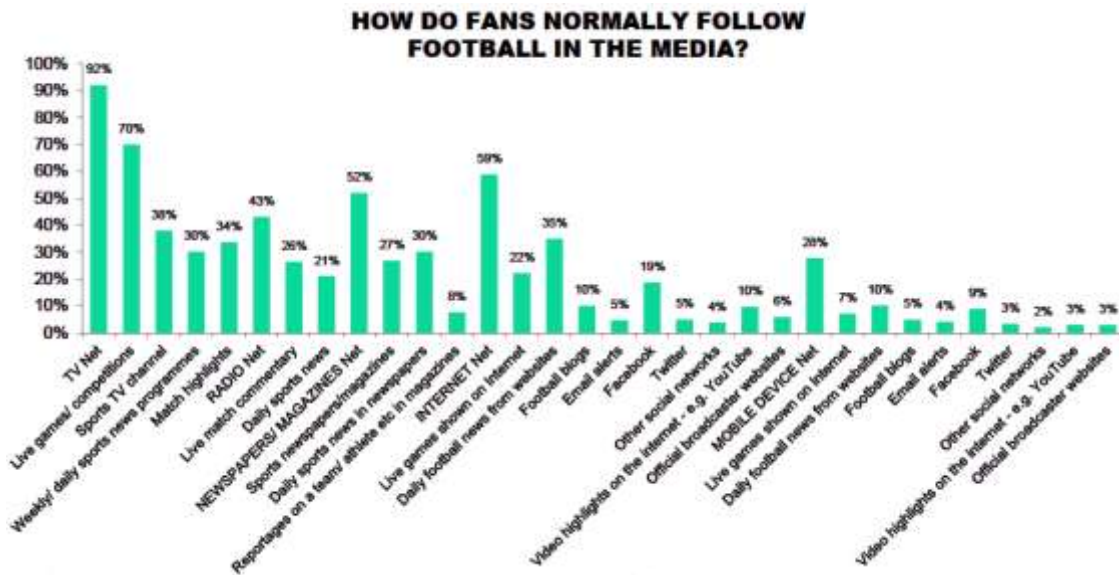


benefits. Also linked to this admiration, football players have the power to influence how people behave, as they are expected to serve as examples to future generations. An example of their influence on people can be seen in a 2002 example, when the Brazilian Ronaldo had a very peculiar hair cut and it was followed by thousand, if not millions, of people.

In terms of consumer behavior, sports supporters are somewhat unique, due to their long-lasting loyal relationship with their chosen sporting club, unlike managers and football players. For example, many supporters of teams present in a UEFA Champion's League Final (the most important football game at a team level) may pay up to 120 times more the original price of the ticket, so that they won't miss the historical game of their team winning the competition⁹. This means that by establishing a relationship with a sporting club may lead to brand loyalty towards the sponsor.

The following figure shows the different channels that the football fans use to follow the sport:

⁹ <http://www.dailystar.co.uk/news/latest-news/251856/Chelsea-fans-pay-20k-for-Champions-League-final-tickets>



Source: PHD Euro 2012 Report

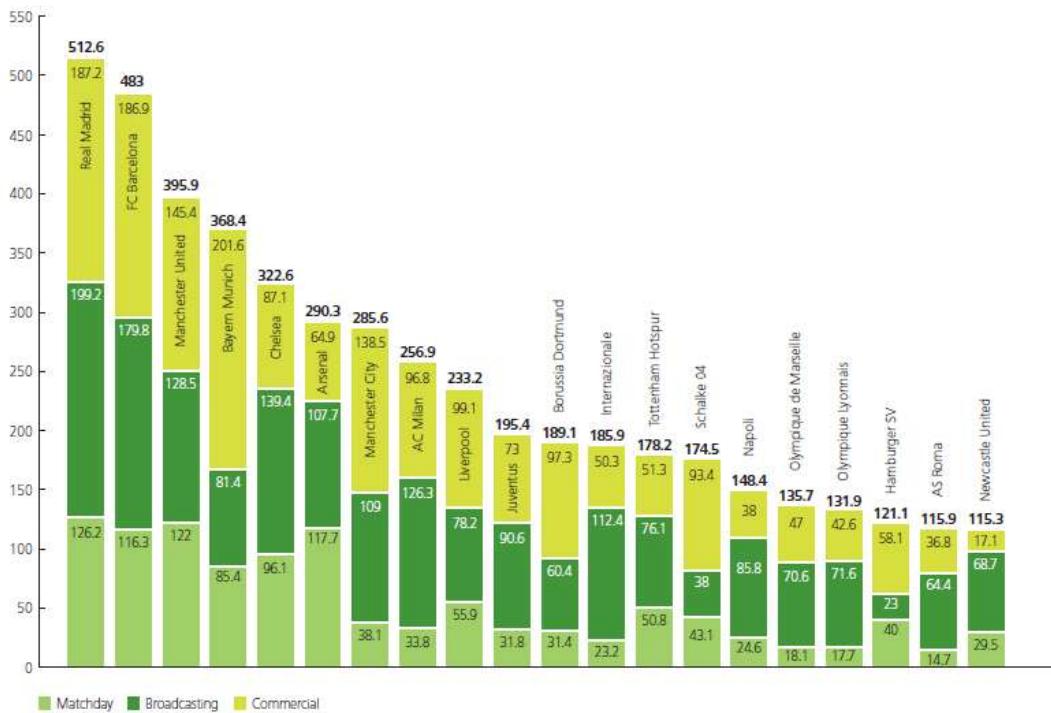
The Alternatives

In order to gain the consumers' attention in the media exposure provided by sponsorship marketing, the Head of Sports Marketing Teamsport must determine whether PUMA should focus on a tier 1 club (the most valuable football teams in the world), event or athlete, or sponsoring more smaller football teams in order to get visibility in more geographical areas instead of focusing their efforts in one region?

As he will try to translate the sponsorship into an increase of brand awareness and ultimately, an increase in PUMA's merchandising and sporting goods in general, Adams has gathered some information regarding the sources of revenue from many of the football clubs in Europe, in order to understand how much the commercial (coming mostly from merchandising and sponsorships) revenue is. Below it is possible to see his findings¹⁰:

¹⁰ Captains of the industry: Football Money League, Deloitte sports business group, January 2013

2011/12 Revenues by streams (€m)



Sponsoring one tier 1 team

While studying the possibility of this alternative, it is important to decide which club to sponsor. There are many alternatives to choose from (2 in Spanish La Liga, 5 in the English Premier League, 3 in Italian's Serie A and one in German Bundesliga and in French Ligue 1). There are several approaches one could follow into deciding which one to sponsor, but there are some variables that should be taken into consideration. Since sponsors are looking for greater media exposure and word-of-mouth communication (nowadays more useful due to the huge presence in social networks, where people have the power to spread an image throughout the world), first of all it is important to choose from the most important leagues in the world.

Below in table 2, we can see the data relative to the English, Spanish, German and Italian leagues, respectively (considered the 4 main football leagues in the world), in terms of social media activity and average TV audience per match¹¹. Also in table 3 it is possible to see other information about these leagues and also the Portuguese and French ones, completing UEFA's top-6¹².

¹¹ http://ads.unibet.com/unibet/best_league_infographic/#popularity

¹² Source: comparetheleagues.com

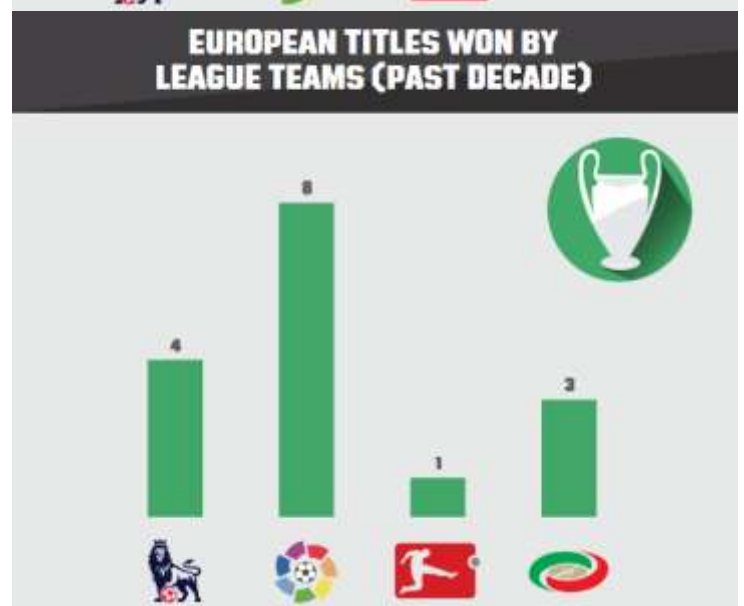
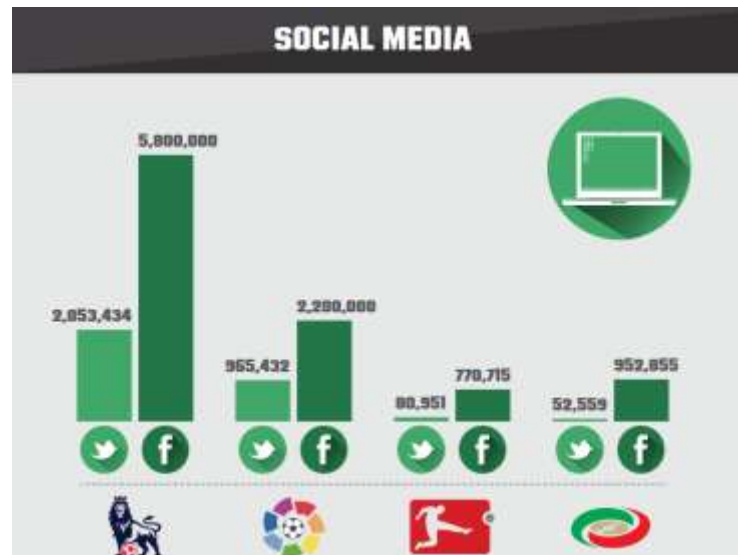
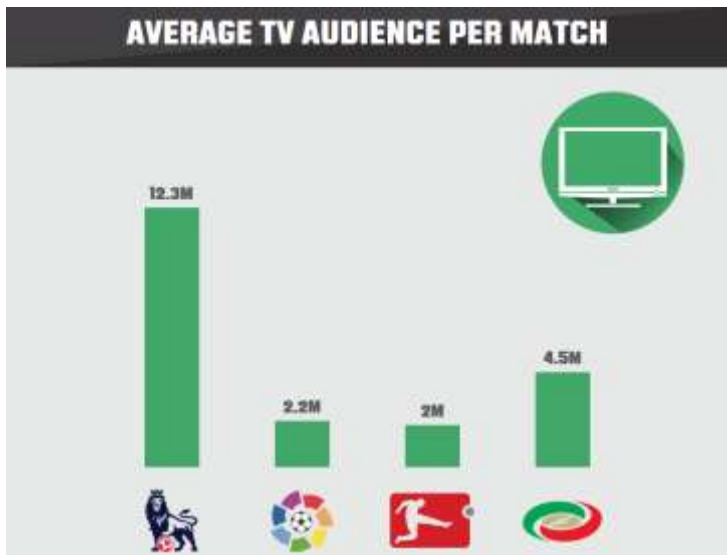


Table 2 - Statistics about the 4 major football leagues (English Premier League, Spanish La Liga, German Bundesliga and Italian Serie A, respectively)

Source: Unibet

UEFA Ranking	League	Average Player Age	% Foreign Players	Average Attendance
1	Premier League	27.3	62.2	34 601
2	La Liga	27.1	37.5	28 403
3	Bundesliga	25.3	49.5	45 116
4	Serie A	27.8	47.8	21 921
5	Primeira Liga (Portugal)	26.3	55	10 958
6	Ligue 1 (France)	26.2	41.5	18 863

Source: comparetheleagues.com

Another alternative would be to sponsor a football team where the players that get the most media attention are playing. For example, even though Cristiano Ronaldo is sponsored by Nike and Lionel Messi by Adidas, the fact is that in most of the images that appear in the internet and other media, they are wearing their club's uniform, which is sponsored by their sponsor's rival. In this sense, PUMA would not need to sponsor Cristiano Ronaldo or Lionel Messi in order for them to be seen with PUMA equipment. In the table below you can find each league's number of players chosen for the world's dream team in the past 8 years.

Also, it is important to notice that better performance of the team in terms of European tournaments will give more exposure to the team and its players, and therefore the brands associated with them. It is important for a sponsoring brand to be connected to the winning side of the game and so the team chosen to be sponsored should be one that has the prospects of winning some titles in the time of the sponsorship. In table 2, we can see that 16 out of 20 European titles were won by teams in these 4 championships.

Another alternative to base which team to focus PUMA's sponsoring efforts is to look at the football clubs who are finishing their sponsorship deals and/or are unhappy with their sponsor. Even if the contract is still valid for some more years, the club can choose to terminate the contract and sign a new one, by paying the early release clause usually present in contracts of this kind. In January 2005, Chelsea FC paid over 30M € for an early release of their Umbro contract in order to sign with Adidas. It is possible to see in Table 1 the expiration dates of the current sponsorship deals of the biggest teams in the world.

This sponsorship will allow for a better brand exposure in the media related with the big dimension of any of the major teams. People from all over the world watch these games and as a consequence they notice the brands. Also, the clubs somehow try to get more exposure outside their countries, in an effort to increase their ratings and to sell more merchandise internationally. For example, in 2012, Manchester United hired Shinji Kagawa, a standout Japanese player from Borussia Dortmund. Some months after, they also announced a partnership with a Japanese company Yanmar, who would help Man. Utd in their desire "to engage with our nearly 4 Million Japanese followers¹³" said United commercial director Richard Arnold. By partnerships like these, or even pre-season tours, clubs try to reach out to the global football audience outside of their main market. In Exhibit E it is possible to see the global reach of some football clubs, by comparing the website visits from their home countries and others. In the pursuit of being a known brand in a global scale, it becomes important to PUMA to find a balance between the global exposure of a football club and the importance that brand has inside of the chosen market.

Another important factor when deciding which club to target is to analyze the number of supporters and fans across the globe. Sponsorships are made to turn customers into spokespersons and the bigger the fan base, the bigger the audience that are more likely to engage with PUMA.

¹³ <http://www.dailymail.co.uk/sport/football/article-2203564/Manchester-United-use-Shinji-Kagawa-link-Japan-promotion.html>

Also, it is important to understand how loyal the fans are to their football teams, which can serve as a benchmark to the as to how easily they can embrace the new sponsor brand. Below it is possible to see the top-11 teams with more supporters¹⁴ and the world teams which are known for their fans' loyalty¹⁵, taking into consideration both game attendance and continuous support for the team:

Teams with most Supporters worldwide		Most loyal fan bases	
Team	Number of Supporters		
1. Manchester United FC	354 Million fans	1	Barcelona FC
2. Barcelona FC	207 Million fans	2	Celtic FC
3. Real Madrid CF	174 Million fans	3	Liverpool FC
4. Chelsea FC	135 Million fans	4	Galatasaray SK
5. Arsenal FC	113 Million fans	5	Fenerbahce SK
6. AC Milan	99 Million fans	6	Boca Juniors
7. Liverpool FC	71 Million fans	7	Flamengo
8. FC Internazionale Milano	49 Million fans	8	FK Red Star Belgrade
9. FC Bayern Munich	24 Million fans	9	Arsenal FC
10. Juventus FC	20 Million fans	10	Real Madrid CF
11. Manchester City FC	18 Million fans	11	Manchester United FC

Sponsor many smaller teams

The other option for Adams is to take that financial power to sponsor more than one team of a smaller dimension than the ones exposed above. This represents a smaller-risk investment from PUMA, but on the other hand, it will not have the same effect in the worldwide media exposure that the tier 1 clubs provide. This alternative comes with the assumption that smaller teams are participating in the major league in their country and not in the amateur or lower championships.

Advantages

The first and main advantage is related to the financial values involved. Whereas a major football team would require some financial effort to be put in the sponsorship, smaller clubs would require less, which would in turn make this alternative a less risky one.

By sponsoring more teams, PUMA will gain visibility in more markets (assuming that the teams sponsored are not from the same city or country) by allowing PUMA to establish a marketing platform in many markets, which should lead to an increase in the brand's credibility in those markets and consequently, in sales.

¹⁴ <http://talksport.com/magazine/big-picture/2011-10-13/worlds-most-popular-football-club-revealed-man-united-liverpool-arsenal-barca-real-or-chelsea>

¹⁵ <http://bleacherreport.com/articles/1297109-power-ranking-the-25-most-dedicated-fan-bases-in-world-football/page/16>

It can be a strategy for PUMA to increase the number of markets where it currently operates. Nowadays, PUMA is sold in 120 countries and reaching more markets would definitely increase its global power and global brand recognition.

Also, by sponsoring many teams in the major championships, this will also get them the desired global reach, since the TV broadcasts are purchased for the whole league and not only some of its matches.

Disadvantages

When thinking about the alternative to sponsor a big club, the chances of winning a major competition was one of the factors to take into consideration. For obvious reasons, in this alternative that factor should be taken lightly into consideration, as the odds of a smaller club ever winning a championship or a Champions League are much smaller.

Second, it is expected that a smaller club will have a less developed global brand when comparing with some of the major football teams, meaning that a sponsorship will impact mostly the local consumer base.

Also, if PUMA has many sponsored teams in one market, it may have negative consequences, as the supporters may doubt the brand's concern about their well being and think that they are only sponsoring them for their own good. As sponsorship may be seen as a special kind of relationship, in this case the supporters may accuse PUMA of being insincere and "unfaithful" to them, as they are in a relation with many groups of supporters, which impacts negatively the brand image. This is supported by the Dalakas & Levin theory in which there is a relevance regarding the fit of the sponsor and the club. Even if the sponsor has a great fit with a specific football team, if they endorse 3 or 4 other teams in the same championship, supporters may stop believing the sponsor's intentions.

During his research he has gathered some data regarding the 2011/2012 season, of some football teams (Exhibit F) present in both Tier 1, 2 and 3. He has narrowed the list in to two alternatives, taking into consideration the budget and both the exposure gained and the costs associated. He expects that, in terms of sponsorship values, a team from tier 1, 2 and 3 would cost around € 30M, € 15M and € 7.5M each, respectively. Below it is possible to see his final options and the revenues that each TV watcher brings to football teams in their home competitions¹⁶:

¹⁶ <http://bleacherreport.com/articles/1948434-why-the-premier-league-is-the-most-powerful-league-in-the-world>



Arsenal FC

	Arsenal FC
Country	England
Tier	1
Game attendance	59 313
TV Rights	107 700 000€
Merchandising	41 500 000€
Sponsorship deal (per year)	14 000 000€
Sponsor	Nike



SSC Napoli & Atlético Madrid

	SSC Napoli	C Atlético Madrid
Country	Italy	Spain
Tier	2	2
Game attendance	45 851	39 631
TV Rights	85 800 000€	41 400 000€
Merchandising	33 000 000€	
Sponsorship deal (per year)	4 700 000€	28 700 000€
Sponsor	Macron	Nike

Competition	TV Rights (per season) ¹⁷	Global Viewers	Club's revenue per consumer reached
English Premier League	€ 1.77 Billion	4.7 Billion people	€ 0.38
Italian Serie A	€ 721 M	1.72 Billion people	€ 0.42
Spanish La Liga	€ 511 M	840 Million people	€ 0.6

After a careful review of the alternatives, it is now time to announce the new marketing direction of the company, as Mr. Adams enters the conference room. What should his announcement dictate, considering that PUMA has set a budget for new team signings of about € 30M? In their attempt to gain international market share from Nike and Adidas, should they follow their plan so far and continue to invest smaller sponsorship amounts for several football teams, or on the other hand should they try and sponsor a major global football team and get more exposure in the global market?

¹⁷ including delayed games and replays and highlights and clips on 'magazine shows'

Appendix



Maradona's Hand of God (wearing PUMA shoes)



PUMA's NFL jerseys

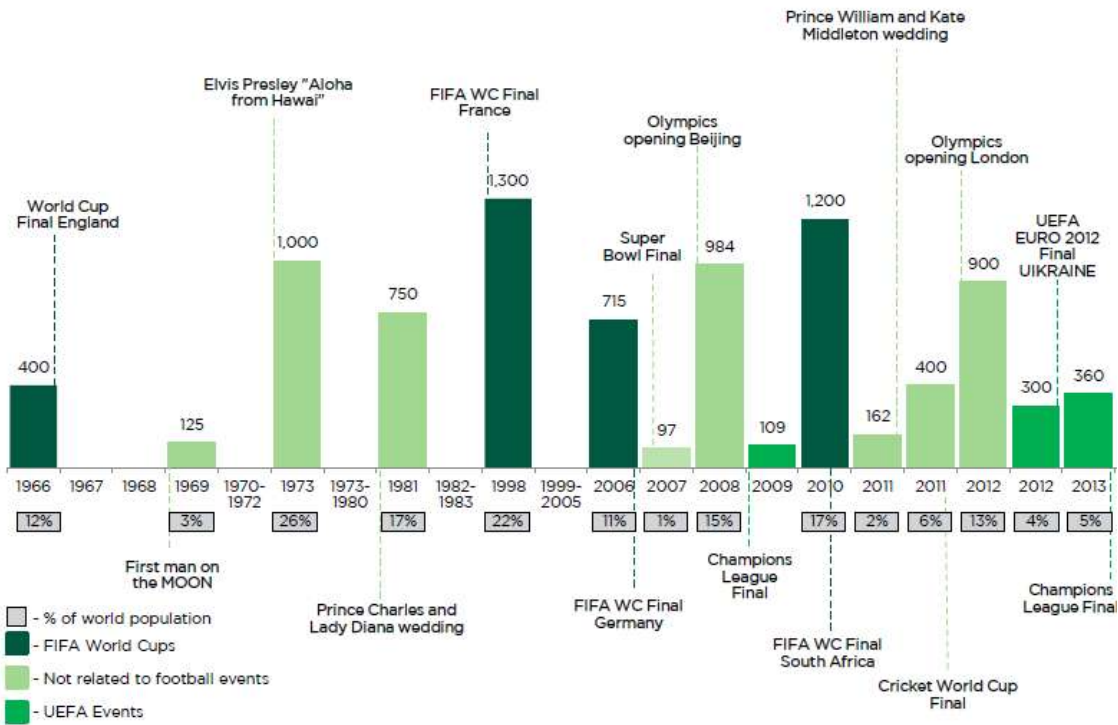
The world's best-selling club football shirts (average sales per season, 2005/09)

NIKE	AVG annual Shirt Sales	Adidas	AVG annual Shirt Sales
Manchester United	1.2 to 1.5 million	Real Madrid	1.2 million to 1.5 million
Barcelona	1 million to 1.2 million	Liverpool*	700,000 to 900,000
Arsenal	700,000 to 900,000	Chelsea	700,000 to 900,000
Juventus*	400,000 to 600,000	Bayern Munich	700,000 to 900,000
Inter Milan	400,000 to 600,000	AC Milan	400,000 to 600,000

*Note: *does not include other club merchandise, Juventus will be sponsored by Adidas from 2014, Liverpool is sponsored by Warrior from 2014

Source: Dr. Peter Rohlman, PR Marketing, Adidas

Figure 45 Largest live events (by TV audience, million people)



Source: FC Business Magazine, FIFA, Guinness World Records Book

Exhibit E

Worldwide Traffic to Football Sites by Unique Visitors (000)* March 2007 Source: comScore World Metrix				
Site	Club	Unique Visitors (000)	Percentage of Visitation from Team's Home Country	
			Worldwide	Home Country
Manutd.com	Manchester United	2,218	43%	57%
Liverpoolfc.tv	Liverpool	1,497	53%	47%
Arsenal.com	Arsenal	1,435	47%	53%
RealMadrid.com	Real Madrid	1,137	33%	67%
FCBarcelona.com	Barcelona	1,053	26%	74%
ChelseaFC.com	Chelsea	1,000	38%	62%
ACMilan.com	AC Milan	825	34%	66%
Inter.it	Inter Milan	824	49%	51%
Juventus.com	Juventus	619	31%	69%
Om.net	Marseille	531	82%	18%
PSG.fr	Paris St Germain	413	77%	23%
Olweb.fr	Lyon	319	78%	22%

* Unique visitors worldwide aged 15+, excludes traffic from public computers such as Internet cafes, or access from mobile phones or PDAs.

Exhibit F

18

	Tier	Team	Game Attendance	TV Rights	Merchandising	Sponsorship deal (year)	Sponsor
England	1	Arsenal	59 313	107 700 000€	41 500 000€	14 000 000€	Nike
	2	Everton FC	33 228	64 347 895€	3 656 823€	3 700 000€	Le Coq Sportif
	3	Bolton WFC	21 414	52 000 000€	2 200 000€	5 250 000€	Reebok
Italy	1	AC Milan	49 010	107 700 000€	60 000 000€	16 500 000	Adidas
	2	SSC Napoli	45 851	85 800 000€	33 000 000€	4 700 000€	Macron
	3	C Catania	14 435	29 500 000€	100 000€	900 000€	Givova
Spain	1	Barcelona FC	75 823	179 800 000€	75 000 000€	33 000 000€	Nike
	2	Atletico Madrid	39 631	41 400 000€	28 700 000€		Nike
	3	RCD Espanyol de Barcelona	23 927	1 300 000€	1 250 000€	5 000 000€	Li Ning
Germany	1	Bayer Munich	69 000	81 400 000€	57 400 000€	20 000 000€	Adidas
	2	Borussia Dortmund	80 521	60 400 000€	15 500 000€	6 500 000€	Puma
	3	Hamburger SV	53 190	23 000 000€	10 000 000€		Adidas
France	1	Paris SG	42 891	45 000 000€	17 200 000€	6 500 000€	Nike
	2	Olympique Lyonnais	33 067	71 600 000€	500 000€	5 000 000€	Adidas
	3	Evian TG FC	11 716	20 500 000€	3 000 000€	3 000 000€	Kappa
Others	1	SL Benfica	42 664	7 500 000€	2 400 000€	4 500 000€	Adidas
	2	Galatasaray AŞ	34 685	10 800 000€	500 000€	1 500 000€	Nike
	2	CR Flamengo	30 000	47 000 000€	7 000 000€	7 000 000€	Olympikus
	3	Celtic FC	47 708	11 000 000€	16364489	6 000 000€	Nike

¹⁸ Annual Report and Accounts, Everton Football Club Company Limited, 2012
outsourced
<http://www.footballshirtculture.com/Sponsorship/everton-announce-kitbag-and-le-coq-sportif-deal.html>
<http://www.bwfc.co.uk/news/article/financial-results-announced-12.11.12-481470.aspx>
Captains of the industry: Football Money League, Deloitte sports business group, January 2013
<http://sportsbusinessinsider.com.au/features/napoli-from-bankruptcy-to-success/>
http://www.football-lineups.com/tourn/La_Liga_2011-2012/Stats/Home_Avg_Atte/
www.worldfootball.net
<http://aktie.bvb.de/>
<http://www.sportspromedia.com/>
<http://swissramble.blogspot.pt/>
<http://pt.scribd.com/doc/115737826/Celtic-FC-Annual-Report-2012>

Teaching Note

Introduction

This case study was prepared as a basis for class discussion of subjects regarding marketing decision-making situations, where the analysis of the alternatives, as well as the fitness of both companies involved in the process, can make a difference between success and failure.

PUMA is a sporting goods manufacturer, competing in an industry from a distance with Nike and Adidas. As he looks to close the gap between his competitors, John Adams is responsible to present PUMA's strategy for the year 2013. Mainly there are two possibilities for the company to follow regarding sponsorship, either to go after a major global football club or to continue with their strategy of sponsoring smaller teams in more geographical areas in order to attain global brand awareness.

He can count on the industry and competitors information known to the company, as well as sponsorship marketing and consumer research, and an analysis on the alternatives.

Discussion Questions

- 1- How should PUMA prioritize the football leagues and teams in order to find the perfect match for PUMA's objectives?
- 2- Elaborate on the pros and cons, on the sponsor's point of view, between sponsorship and regular marketing efforts such as advertising.
- 3- Comparing Merchandising and TV Rights, what are the main drivers for the increase and decrease of each revenue stream?
- 4- How can reference groups influence the consumer's product and category choices?
- 5- What is the role and responsibility of opinion leaders and celebrities as influencers of the general consumer?
- 6- Without any calculations, which alternative should Mr. Adamson choose? One team with more global perspective or two smaller teams, present in major leagues in the world?
- 7- Which of the alternatives is better, considering that PUMA searches for the smaller Cost per Thousand reached in order to make their decision?

Objectives

- 1- To illustrate the complexity of an endorsement decision-making process;
- 2- To provide a debatable example of sponsorship marketing case;
- 3- To help students understand the key issues regarding sponsorship marketing and the necessary variables to be taken into consideration;
- 4- To provide an exemplary scenario of a global known and debated topic, such as football, so that students may evaluate the alternatives and come up with a viable solution in accordance with the company's vision;
- 5- To demonstrate the differences between the advantages of global and local brands

Use of the Case

The case allows for the analysis and discussion of specific alternatives that will allow the company to get closer to its competitors, in terms of global market share. It is meant to force the students into making a

weighted strategic marketing decision, while taking into consideration topics such as brand exposure, brand awareness and reference groups, and how it may influence the consumer to purchase a certain brand.

It speaks about the competitive environment which is the sporting goods industry and the look for a competitive advantage that will set PUMA apart from Nike and Adidas.

This case study fits well in core undergraduate and Master courses from both Business Administration and Marketing, such as Consumer Behavior, Brand Management, Strategic Marketing, Marketing in Sports, Marketing Planning and Strategy. It is also helpful in the clear topic of sponsorship, especially in sports.

Relevant theory

Kevin Keller

According to Kevin Keller's Building Customer based brand equity¹⁹ (see Figure 1), there are four steps required to in order to build brand equity. The first one is to ensure identification of the brand and its connection to a specific product category or customer need. The second step is to create a brand meaning in the consumer's minds, both in terms of imagery and performance. Customers must know what the brand is all about and what it can do for them. The third one is to extract the proper consumer response towards the brand (judgments and feelings) and the final step is to convert this response into an active loyalty relationship between the brand and the consumer, where consumers start to disseminate the brand's message to other consumers.



Figure 1 - Building Customer based brand equity

Endorsements are nowadays used as brand communication tool, in which a celebrity/ group of celebrities act as a spokesperson for the company and certifies the brand's claim by extending his/her/their personality, popularity and stature in society and in the field of expertise to the brand. Some say that the main benefits of sponsorships are related with the increase in the exposure given to the brand, which will increase the brand awareness and recognition, while some say that the key motivation for sponsorships is also about gaining deeper and more emotional engagement with fans and staff, and even managing the perception of the sponsoring company.

¹⁹ <http://www.sba.pdx.edu/faculty/ahutinel/Read/11.pdf>

According to Kevin Keller's Building Customer based brand equity²⁰, there are four steps required to in order to build brand equity: Identity, Meaning, Response and Relationship.

The fact is that endorsements help the companies go through these steps faster than without it.

Balance Theory

Some theoretical frameworks explore further the drivers that lead a sponsorship to be more or less successful. Dalakas & Levin²¹ have used Balance theory (Heider, 1958) as a conceptual framework to explain how sponsorship works. It differs from advertising since advertising promotes selling propositions, depending mostly in the believability of the message and the credibility of the endorser, while sponsorship is promoting a relationship where there is an important component of fit between the sponsor and the entity. They have found that there is a positive connection between the entity that they support and that entity's sponsor, and the reverse as well. The success of the endorsement also depends on the fan identification regarding the sponsored entity: highly identified fans tend to have more favorable attitudes toward sponsors and are more likely to use the sponsor's products, due to the appreciation for the sponsor's provision of benefits to the property that they care for. (Dalakas and Kropp 2002; Madrigal 2000; Madrigal 2001; Meenaghan 2001).

Consumer Research

Extensive research has been done in order to understand which attributes appeal the most to the consumer, in an effort to understand the way to make the most effective endorsement deals. It has been found that:

- Celebrities' acceptability, credibility, regional appeal, popularity, attractiveness are relevant factors on the impact of celebrity endorsements on brand image, that customers demand credibility and acceptability from the endorsement and that multiple endorsements can unsettle the consumer's mind.
- Customers demand credibility and acceptability from the endorsement
- Multiple endorsements can unsettle the consumer's mind²².
- Endorsements affect product variables, such as quality and uniqueness, and esteem in the consumer's mindset²³
- Expertise and Trustworthiness have great impact in consumer's purchase intentions in the apparel industry.

Reference groups in Marketing

Reference groups relate to individuals or groups of individuals that serve as a point of comparison in forming both general or specific values, attitudes or guide for a better behavior.

There are several groups that can influence a person in the aspects above, such as:

²⁰ <http://www.sba.pdx.edu/faculty/ahutinel/Read/11.pdf>

²¹ Dalakas, Vassilis and Aron M. Levin, The Balance Theory Domino: How Sponsorships May Elicit Negative Consumer Attitudes, *Advances in consumer research* Volume 32, 2005

²² Debiprasad Mukherjee, *Impact of Celebrity Endorsements on Brand Image*, August 2009

²³ Dwane Hal Dean, Brand Endorsement, Popularity, and Event Sponsorship as Advertising Cues Affecting Consumer Pre-Purchase Attitudes, *Journal of Advertising*

- Family
- Friends
- Shopping groups
- Work groups
- Virtual Communities
- Consumer- action groups
- Celebrities
 - Testimonial (after using the product or service, the celebrity attests to its quality)
 - Endorsement (celebrity appears on behalf of the product or service)
 - Spokesperson (celebrity represents the brand or company over an extended period of time)²⁴

Reference groups can be classified in terms of membership, the extent of interaction (direct or indirect), the nature of the attraction (aspirational or dissosiative) and the degree of the formality in which the individuals communicate.

Since reference groups influence the attitudes, goals, aspirations, opinions, and information that determine customer standards and expectations regarding the business and the products or services, it is important to identify and understand the reference groups, in order to be able to fine tune the marketing messages and appropriately deliver them through the right platforms.²⁵

Suggested Topics for answers

1- How should PUMA prioritize the football leagues and teams in order to find the perfect match for PUMA's objectives?

The priority should be given to the visibility indicators from each league. Ultimately, companies such as PUMA sponsor athletes, teams and events to be seen across the world. For this reason, importance should be given to statistics regarding global audiences of the leagues, average attendance or even percentage of foreign players, which may be an indicator of the global reach of the league and its teams. As it can be seen in Table 2 (page 18), the English Premier League is by far the league with a higher average TV audience, per match and globally (page22) and also the one with most social media activity surrounding its games, which may make it one of the best leagues to invest in.

Also, one may prioritize the leagues and clubs according to their fan base, either its global reach or loyalty. It may be assumed that both teams with more supporters and more loyal supporters (see page 20) will be more willing to purchase the club's merchandise and will therefore generate higher commercial sales for the team. After the league has been chosen, above average game attendance and higher TV rights may show a more international fan base (Exhibit F), since it indicates broadcast to more countries. Other factors to be taken into consideration when choosing the team is the current sponsorship deal that the club has, since a team with a smaller sponsorship may be more willing to switch sponsors, and the merchandising sales, which may be related with the characteristics of the fan base.

²⁴ <http://www.business2community.com/marketing/using-reference-groups-in-marketing-0427866#!bwzecz>

²⁵ <http://www.business2community.com/>

2- Elaborate on the pros and cons, on the sponsor's point of view, between sponsorship and regular marketing efforts such as advertising.

In terms of **sponsorship**, advantages include:²⁶

- the generation of product/service awareness
- the building/enhancing a positive image association (by providing a clear and visible union and the sponsored entity), which in turn helps to create appeal in the target audience
- the creation of goodwill, related to the loyalty shown by football fans, which will be grateful for the sponsor's support to their chosen football team/athlete/event and shows that the company and sponsored entity share the same values (page 20).
- the generation of positive publicity, due to the great exposure given to football and the brands surrounding it, and also the multiple alternatives for brands to show off (jerseys sponsorship, stadium naming rights, around the pitch advertisement, and so on)

In terms of disadvantages, there are:

- Controversies leading to negative attitudes – sponsors depend on the sponsored entity to convey a positive attitude to the consumers. Since the sponsor's name is always associated with that entity (which is supposed to be an advantage), if the sponsored team/athlete/event shows an attitude that is disapproved by the consumers, the brand image may suffer as well. Examples include the Nike sponsorship with Lance Armstrong, which was terminated right after the accusations of doping usage from the cyclist, since the company didn't want to be related with attitudes going against sports.
- The absence of standardization- each contract is celebrated with a different method and include different benefits to both the sponsor and sponsored entity, requiring more time to plan and evaluate each sponsorship opportunity.
- More time consuming – In contrast with advertisement, where the ad is made and then played in many different places/channels/times, sponsorship promotes a more intimate relationship between the company and the entity, which requires that both work closer to make the sponsorship work, going from pre-season promotion of the new squad and jersey, but also adapted promotion for the target audience

For advertisement, advantages include:

- Broad diffusion of the message and brand, which will increase the brand awareness
- Ability to easily spread the message worldwide with the usage of social media
- Consumer education – While sponsorship gets brand and maybe product exposure, advertising allows the company to educate the consumers in terms of the brand, the product, the benefits and the benefits gained from usage.
- Broad range of associations that can be made with the brand

And disadvantages include:

- Less focus on the target group
- Advertisement campaigns can be costly to produce and broadcast

²⁶ <http://sponsorshipopportunities.blogspot.pt/>

- Vast range of options inside each of the media channels (tens or hundreds TV channels in each country, 24h to choose from, outdoor advertisement location options, and so on) may lead the company to making poor choices.

3- Comparing Merchandising and TV Rights, what are the main drivers for the increase and decrease of each revenue stream?

Revenue Stream	Drivers
Merchandising	<ul style="list-style-type: none"> • Club performance (i.e. some fans only buy the team's jersey the year after the team is champion, since it comes with a champion logo) • Hiring of a renowned player (Cristiano Ronaldo's record transfer of £94M was paid off in less than 2 years in merchandise sales) • Number of associates/fans • Fans loyalty • Sponsor and Equipment design • Price (-) • Availability (foreign fans may want to purchase online)
TV Rights	<ul style="list-style-type: none"> • Club performance • Global interest in the league • Global reach of the club as a brand • Presence in European, or major competitions • Hiring a renowned foreign player may increase the interest in that country • Internal or outsourced broadcasting

4- How can reference groups influence the consumer's product and category choices?

Reference groups include those to whom the consumer compares himself. Consequently, if the individuals in a certain group are worshiped by the consumers, the products that they use and support will enter the consumer's mind as a product (and brand) that may benefit him/her as well. In this sense, celebrities and endorsements are examples of the image exploitation that brands do in their marketing activities, especially in football, since the sponsored individuals include high performance athletes, a group where some of the sporting goods industry consumers aspire to be. As consumers pay more attention do celebrities, sponsorship ensures the quick spread of the message they are trying to convey, due to the constant media exposure celebrities have. (see page 13) Some consumers believe that by using some sponsored product, it will be better accepted by others, due to the aspirational element related with the sponsored athlete/club/celebrity. Also, a celebrity sponsorship increases the brand's credibility, since it is unlikely for them to be constantly using inferior products.

The influence that these groups have changes with many variables, such as the type of product (which should somehow be linked with the celebrity) and characteristics of the consumers like age, gender, beliefs and the aspirational self.

We can look at one of the most famous movie series of all times, 007, as an example of brand sponsorship. Aston Martin has been a sponsor of this known character, appearing in 8 of their 23 movies as the main car of the British super-spy. This partnership envisioned to translate the brand's attributes of luxury and exclusiveness by joining forces with one of the most classy and elite heroes in movies history. On the other hand, the presence of BMW's Z3 in 007's Golden Eye was meant to change the company's image in the American market, positioning itself closer to a younger and more sophisticated target.

5- What is the role and responsibility of opinion leaders and celebrities as influencers of the general consumer?

As individuals who are able to change the masses' minds, celebrities and opinion leaders have an increased amount of responsibilities, due to the social impact that their actions or words may have. Football players have been punished (inside their football club) for smoking and therefore not demonstrating proper role model and athlete behavior, for example. It is clear that celebrities are able to persuade consumers, so it is imperative that they understand they serve as an example to future generations, and so they must show and support responsible behavior, both on the football field (or their place of work), where racism and offensive attitudes are punished, and outside.

6- Without any calculations, which alternative should Mr. Adamson choose? One team with more global perspective or two smaller teams, present in major leagues in the world?

In regards to the financial values involved, after considering the data in the second-to-last paragraph, the budget is enough to sign one tier 1 team, 2 tier 2 teams or up to 6 tier 3 teams, or combination of Tiers 2 and 3 teams.

The choice must be based on the comparison between values of merchandising, game attendance and TV/social media audiences, TV rights (which allow for a comparison value of international audience), and may include the global reach of the team's brand and characteristics regarding their fan base.

Choice	Pros	Cons
1 Big team	<ul style="list-style-type: none"> • Strategic alignment with the goal to reduce the gap from Nike and Adidas • Relationship with the team opens the door for a relationship with the million fans spread globally • Great exposure • Bigger chances of the team's success • Indirect association with better athletes 	<ul style="list-style-type: none"> • Focus on one geographical location • Greater effects in case of controversy • Financial investment (all the eggs in one basket)
2 smaller ones	<ul style="list-style-type: none"> • Smaller consequences in the event of controversy • Geographical reach • Financial value is divided through more teams, reducing the risk 	<ul style="list-style-type: none"> • Less chances of winning any major tournament in the short-term • Less developed global brands • Many teams in the same league may cause problems in the consumer's mind

7- Which of the alternatives is better, considering that PUMA searches for the smaller Cost per Thousand reached in order to make their decision?

The Cost per Thousand reached is calculated by the following way:

$$CPT = \frac{Cost}{Audience} \times 1000 \quad \Bigg| \quad Audience = \frac{TV\ Rights}{Marginal\ revenue\ per\ each\ TV\ watcher\ for\ their\ league}$$

Doing the calculations, we can see that each team's audience is:

Arsenal	(107 700 000/0.38) = 283 421 053
Napoli	(85 800 000/0.42) = 204 285 714
Atlético Madrid	(41400000/0.6) = 69 000 000

After this, we can calculate that the CPT for each option is:

$$Option\ 1: \frac{30M}{283\ 421\ 053} \times 1000 \approx 106 \quad \Bigg| \quad Option\ 2: \frac{15M + 15M}{204\ 285\ 714 + 69\ 000\ 000} \times 1000 \approx 110$$


With the calculations, it is possible to see that the 1st sponsoring alternative, Arsenal FC, has a cost associated to one thousand viewers of € 106, while the 2nd option, SSC Napoli and C Atlético Madrid, will cost € 110 altogether. With this in mind, the correct answer is to choose Arsenal FC to sponsor.

What really Happened?

In the year 2013, PUMA continuously looked for a tier 1 team to sponsor and has later announced a 5-year € 185M partnership (around € 37M a year) with Arsenal FC, replacing Nike as official kit partner. Also, they have signed Rangers FC (becoming the official supplier and licensee of replica merchandise for the Scottish club), Wolverhampton Wanderers FC (as a provider of Replica, Technical and Training wear) and the players Mario Balotelli (AC Milan/Italian) and Santi Cazorla (Arsenal FC/Spanish).

Student's file


Competition	TV Rights	Audience	Club's revenue per consumer reached
English Premier League	€ 1.77 Billion	4.7 Billion people	0,38
Italian Serie A	€ 721M	1.72 Billion people	0,42
Spanish La Liga	€ 511M	840 Million people	0,6



Arsenal FC

Arsenal FC	
Country	England
Tier	1
Game attendance	59 313
TV Rights	107 700 000€
Merchandising	41 500 000€
Sponsorship deal (per year)	14 000 000€
Sponsor	Nike

WHO WAS THE
LOWEST COST PER
THOUSAND?



SSC Napoli &
Atlético Madrid

	SSC Napoli	C Atlético Madrid
Country	Italy	Spain
Tier	2	2
Game attendance	45 851	39 631
TV Rights	85 800 000€	41 400 000€
Merchandising	33 000 000€	
Sponsorship deal (per year)	4 700 000€	28 700 000€
Sponsor	Macron	Nike

Teacher's file

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Competition	TV Rights	Audience	Club's revenue per consumer reached
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Spanish La Liga	€ 511M	840 Million people	0,6

	TV Rights	Audience	Cost	Cost per Thousand
Arsenal	107.700.000 €	283.421.053	30.000.000 €	106 €
Napoli	85.800.000 €	204.285.714	15.000.000 €	110 €
Atlético Madrid	41.400.000 €	69.000.000	15.000.000 €	