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The impact of sponsoring in Formula 1

João Eduardo Martins Ilha

Dissertation submitted as partial requirement for the conferral of
Master of Science in Management

Supervisor:

Doutora Susana Maria dos Santos Henriques Marques, Professora Associada
ISCTE-IUL

October, 2023

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BUSINESS
SCHOOL

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I want to start by thanking my supervisor, Professor Susana Henriques Marques, for all the availability, guidance, knowledge shared through this whole time, encouragement, and guidance for my thesis.

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To my dear friends, thank you for being so supportive, for giving me strength and especially for your friendship.

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*To all,
Thank you from my heart and please remember Dare to Dream.*

Resumo

As marcas cada vez mais procuram formas de se diferenciar da concorrência, de persuadir os seus consumidores a adquirir os seus produtos ou serviços e de garantir que os seus clientes se tornem leais.

Contudo sendo que existem tantas maneiras para as empresas sobressaírem comparativamente a sua concorrência, é importante fazer a escolha acertada para promover da melhor forma o negócio.

Pelo que o patrocínio desportivo tem se demonstrado como uma alternativa aos medias tradicionais como radio, comerciais televisivos, panfletos, entre outros..., porem marketing desportivo difere do marketing tradicional, porque tem o potencial de indiretamente promover o uso de produtos ou serviços não desportivos em concreto.

O presente estudo baseia-se no objetivo de compreender melhor como funcionam os patrocínios desportivos e mais especificamente descobrir quais são as principais razões da empresas/marcas decidirem patrocinar num desporto como a Fórmula 1.

Iniciando o estudo através da Revisão de Literatura, onde foram expostas as principais componentes teóricas procedentes deste estudo, mais especificamente, sobre o Marketing, a comunicação, o patrocínio e a Fórmula 1, levando posteriormente à definição dos objetivos de estudo relativos a parte metodológica.

De seguida, seguiu-se para a parte de investigação, através de uma análise qualitativa, feita através de entrevistas via zoom, onde foram obtidas um total de 20 entrevistas de pessoas que trabalhem na área dos patrocínios desportivos ou em contacto específico com Fórmula 1.

Após a análise das respostas, foi possível apurar resultados que evidenciaram os principais motivos pelas quais as empresas decidem patrocinar na Fórmula 1, porque a F1 e não outro desporto, quais são os riscos do patrocínio e quais são os possíveis resultados deste patrocínio. As principais motivações prendem-se na visibilidade e notoriedade que o desporto oferecem, na associação com a imagem do desporto, o networking e a possibilidade da marca se tornar global.

Palavras-Chave: Marketing desportivo, Patrocínio, Motivos, Fórmula 1

Abstract

Brands are increasingly looking for ways to differentiate themselves from the competition, to persuade their consumers to buy their products or services and to ensure that their customers become loyal.

However, since there are so many ways for companies to stand out from the competition, it's important to make the right choice in order to best promote the business.

Sports sponsorship has therefore proved to be an alternative to traditional media such as radio, television commercials, leaflets and so on. However, sports marketing differs from traditional marketing in that it has the potential to indirectly promote the use of specific non-sports products or services.

This study is based on the objective of gaining a better understanding of how sports sponsorship works and, more specifically, finding out what the main reasons are for companies/brands deciding to sponsor a sport such as Formula 1.

The study began with the Literature Review, which set out the main theoretical components of this study, more specifically, marketing, communication, sponsorship and Formula 1, which then led to the definition of the study objectives relating to the methodological part.

We then moved on to the research part, through a qualitative analysis, carried out via zoom interviews, where a total of 20 interviews were obtained from people working in the area of sports sponsorship or in specific contact with Formula 1.

After analysing the responses, it was possible to find results that showed the main reasons why companies decide to sponsor Formula 1, why F1 and not another sport, what the risks of sponsorship are and what the possible results of this sponsorship are. The main motivations are the visibility and notoriety that the sport offers, the association with the image of the sport, networking and the possibility of the brand becoming global.

Keywords: Sports marketing, Sponsorship, Motives, Formula 1

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List of Abbreviations:

B2B – Business-to-Business

B2C - Business-to-Consumer

F1 – Formula One

UNICEF - the United Nations International Children's Emergency Fund

CEO – Chief Executive Officer

DNA - Deoxyribonucleic acid

AMG - Mercedes Aufrecht, Melcher and Großaspach

Q&A- Questions and Answers

NBA - National Basketball Association

YOY – Year Over Year

PGA – the Professional Golfers’ Association of America

UK – United Kingdom

USA – United States of America

BP – the British Petroleum company

FIA - Fédération Internationale de l'Automobile

NFL – National Football League

IEG - Global consultancy firm specialized in partnership strategy and evaluation, for leading sponsors and rights holders.

US – United States

IVECO- Industrial Vehicles Corporation

IBM – International Business Machines Corporation

1 Introduction

1.1 Context and Relevancy

Companies use marketing communications to convince clients about their brands (Keller, 2009), and sponsorship is one of the most commonly used strategies, accounting for a large portion of marketing spending. Furthermore, the majority of these investments are made in sporting properties. However, sponsorships may be advertised using a variety of methods, depending on the brand or product being communicated, and are also tailored to the consumer demographic being targeted. (O'Reilly & Lafrance Horning, 2013)

Sports have a global reach; it is a form of entertainment that everybody may access and enjoy. Most importantly, sports bring people together on an emotional level. Marketers have been exploiting emotional connections to sell their products for over a century. Brands associate themselves with sports in order to get the attention of potential clients. Sport has grown from a method for people to spend their leisure time to a massive industry as a result of the increase in sport marketing expenditures. It has been argued that because sport is ultimately a tool for all people to satisfy a range of core human needs & desires, it provides an appealing opportunity for worldwide companies to reach large audiences. Sport is an appealing subject for marketing because it is intricately linked to people's lives and the amount of emotion associated with people's relationships with sport is strong.

As a result, corporations want to connect from the sponsored property to their own brand by linking their product to a well-known player or team through sports marketing. It is intended that the positive feelings toward the sporting property would reflect off on the businesses' branding, resulting in beneficial attitudinal change.

1.2 Research Problem

Although the relevance and importance of sponsorships has been growing, there are still issues in sport-related literature poorly addressed, or incomplete. As such, Formula 1 is no different, so the main research problems will be which motivations companies have for sponsorships, what is the difference between sponsoring Formula 1 and sponsoring another sport, the results obtained by sponsoring and the principal risks.

The main objective of this future dissertation is to analyse the impact of investing or sponsoring in a sport like Formula 1, understand the reasons that lead companies to decide to invest in this sport, whether the investment or the sponsorship in Formula 1 is effective, and

whether companies that invest in this sport manage to reach their defined objectives when decide to sponsor in Formula 1.

1.3 Research Objectives

Therefore, and according to the literature review as well as the research problem elaborated, future research intends to contribute to deepen the current understanding of the world of sports sponsorships and more specifically in Formula 1, available in the literature related to sport and to critically understand the extent to which current literature reflects the reality of management.

It is essential for companies to do an informed analysis, to understand the motivations for sponsorship, the reasons why companies are likely to invest in Formula One and no other sport, the key challenges they may face, and also to be able to define real and achievable goals.

Companies could leverage their sponsorship more effectively if the pre-analysis phase is improved. Moreover, this study could help both parties to better understand the results of sponsoring in Formula 1.

With this in mind, the intended goals are to answer the following questions:

1. What motivates companies to invest and sponsor in Formula 1?
2. What differs sponsoring in Formula 1 to sponsoring in other sports?
3. What are the main objectives defined by the companies when they sponsor in F1?
4. What are the risks of sponsoring in Formula 1?
5. What are the main results of Sponsoring in Formula 1?

2 Literature Review

2.1 Marketing

There are many different ways to utilize the word "marketing." Some people define marketing as the use of public relations, advertising, and personal selling strategies to increase consumer demand for a product.

Although, the term "marketing" incorporates much more than this restricted definition. Simply said, marketing refers to the process of concentrate on meeting the needs of clients or consumers. This implies that sport marketing is centred on satisfying the needs of sport customers or consumers, such as those who participate in sports, watch, or listen to sports programs, purchase merchandise, collect souvenirs, purchase sporting goods like clothing and shoes, or even browse a sports-related website to learn the most recent update about their favourite team, player, or event.

Satisfying consumer needs evidently requires more than just creating a catchy commercial or delivering a limited-time discount. Marketing, for example, entails making decisions about what different groups of consumers may need or want, such as in the most effective way to sell a product or service, the best way to make the product or service available, the idea behind a product or service, the unique characteristics of the product or service, and, inevitably, its price. Marketing requires a process in which a variety of issues are analysed in order to maximize the possibility that a client will be satisfied with the product or service that they consume.

Commonly Marketing is defined as the process of planning and implementing activities aimed at meeting the requirements or wishes of clients. Marketing is concerned with the creation of a product, its pricing, promotion, and distribution. It seeks to create an exchange in which the client gives up something (typically money) in exchange for a product or service of equal or greater value (Smith, 2008).

A key objective of marketing is to persuade consumers to try new goods or services while also retaining them as loyal customers.

According to (Smith, 2008) sport marketing is the application of marketing principles to the goods and services offered by the sports industry as well as the promotion of non-sport items by associating them to the industry. Therefore, there are two main components to sport marketing. The first is the use of standard marketing techniques for sporting products and services. The second is the marketing of different consumer and industrial products and

services using sport. Sport marketing aims to satisfy the needs and desires of consumers, equally as any other type of marketing. It accomplishes this by offering consumers sports services and sporting goods.

Sport marketing, however, differs from traditional marketing in that it has the potential to indirectly promote the use of non-sport goods and services. It's critical to realize that sport marketing includes both the marketing of sports itself as well as the use of sports to promote other goods and services.

Companies and brands increasingly want to be near to their customers and involved in their daily lives, as opposed to traditional marketing at a distance. Brands interact with consumers by being a part of their experience through sponsorship, brand placement, ambient marketing, social media, and other integrative tactics. Sport has a unique opportunity in this trend because of the passion around it and the demand for real-time viewership.

2.2 Communication

Based on (Meenaghan, 1991) each technique of marketing communication contributes to the organization's overall marketing communications goal. The management's role is to assess each method's strengths and shortcomings, as well as its ability to aid in the fulfilment of objectives.

The various communication modalities must then be blended to complement one another in the most cost-effective way possible. The situation is analogous to different parts of an orchestra being merged to get the finest overall performance possible.

Inside the marketing communications mix, commercial sponsorship can be considered as a highly cost-effective medium for obtaining corporate and brand-level awareness and image-related objectives.

2.3 Sponsorship

Sponsorship is evolving as part of an overall "indirect marketing" trend (Bettina Cornwell & Kwak, 2015).

According to (Meenaghan, 1991) given the functions that commercial sponsorship is expected to accomplish, it is evident that sponsorship must be considered as part of the marketing mix of product, price, distribution, and marketing communications, i.e., the classic

'4Ps' framework. Commercial sponsorship complements advertising, public relations, personal selling, and sales promotion because its primary job is to achieve marketing communications goals.

Corporate sponsorship is defined as "the provision of assistance to a sport property (sponsee) in cash or kind by a commercial organization (sponsor) in exchange for the rights to be associated with that sport property for the purpose of gaining commercial and economic advantage" (Meenaghan, 1991).

According to (Cornwell, 2019), sponsorship is a well-established commercial communications platform that comes in a variety of formats. For decades, sponsorship has functioned similarly to advertising in terms of aims and measurement. The current work contends that the potential of sponsorship to encourage consumer participation has been underdeveloped and under researched for both the sponsor and the sponsee.

Commercial sponsorship is an investment in an activity, either in cash or in kind, in exchange for access to the commercial potential connected with that activity (Meenaghan, 1991).

According to this concept, the price paid is the sponsor's investment in exchange for authorization to exploit a specific activity. Fundamentally, the sponsor is purchasing two things:

- (1) the audience exposure potential of the activity, and
- (2) the image connected with that activity in terms of how it is regarded.

Sponsorship is expanding and becoming a more stable part of many companies' communications mix.

So, there are no doubts that sponsorships can provide value to sponsoring firms, for example, differentiating the brand and adding financial value to the brand; (Wakefield et al., 2007); however, that value is contingent on the firm achieving its objectives and its relative commitment to achieving those objectives. Corporate sponsorship executives are regularly forced to pick between a variety of sponsorship packages designed to satisfy a variety of objectives and budgets.

2.4 Sponsorship Objectives and their Audiences

Businesses have a wide range of target audiences with who they want to communicate.

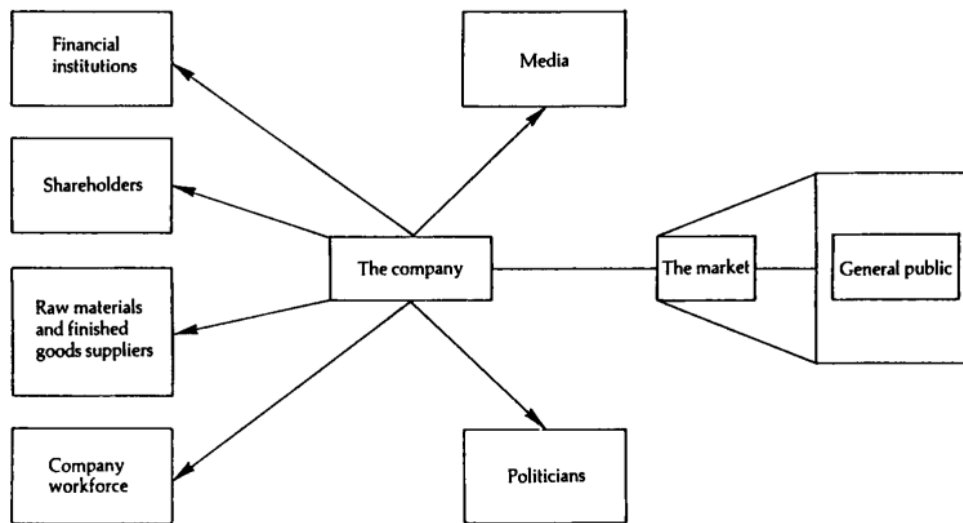


Figure 1.1 - Company Audiences (Retrieved from *The Role of Sponsorship in the Marketing Communications Mix*, *International Journal of Advertising*, 10:1, 35-47, Tony Meenaghan 1991)

The Internal Public

According to (Meenaghan, 1991), organizations are increasingly understanding the importance of the internal staff public and the need to coordinate both the external strategy and the internal backup systems and personnel. Model firms such as IBM, Digital, and Marks & Spencer are creating 'corporate culture' initiatives with this in mind. Within these programs, sponsorship plays an important role in creating employee pride, rewarding work, and communicating the organization's values to its people. The key benefits of such programs are higher employee morale and better work relations.

Key decision-makers

Sponsorship allows to build credibility (Jin, 2017) from opinion leaders and decision-makers. These can include business associates, government and labour union representatives, and media opinion leaders. Furthermore, because sponsorship is typically formed around a specific event, in this case it possible to provide corporate hospitality to these critical decision-makers as guests. In this approach, sponsorship has a more subtle effect than other marketing communication tools (Meenaghan, 1991).

The target markets of the company

For the purposes of simplicity, target market objectives can be separated into (i) business objectives and (ii) brand objectives.

(i) Business Objectives.

Sponsorship is highly valued for its capacity to help a corporation achieve specific goals.

It can:

(a) Increase the company's media exposure.

There are countless examples of organizations achieving their awareness goals using sponsorship. Comhill Insurance boosted its exposure in the UK market from 2% to 16% through cricket sponsorship. Similarly, during its three-year sponsorship of the English Football League, Canon improved its awareness level from 18.5% to 79%. This outcome was reached with significant backing from other media (Meenaghan, 1991).

(b) Changing the company's image.

Based on (Meenaghan, 1991), changing or improving the corporate image is frequently a main objective of sponsorship engagement. Yardley was able to minimize the feminine connotations of its name by its involvement with Formula One Motor Racing, allowing the introduction of male cosmetics as a result of this newfound, more manly image.

Other business image goals may need sponsorship as a means of community involvement or to counter negative publicity.

(c) Objectives for the Brand.

Sponsorship is highly valued for its potential to accomplish both brand awareness and brand image goals. Budweiser and Foster's have recently used sponsorship to increase product recognition in European countries. Similarly, it may be used to place a brand on the market or to change its image within that market. In the Irish market, 7-Up employed an innovative popular music sponsorship initiative to promote state-wide tours by up-and-coming Irish rock bands, who were later featured in a series of television shows named '7 Bands on the Rise.' This sponsorship has the impact of providing access to and repositioning the brand with the youth market (Meenaghan, 1991).

2.5 Choosing the right sponsor

After determining the purpose that sponsorship is intended to serve, the selection process is the next logical step in sponsorship management. Requests for sponsorship funds are very

frequent to occur in potential sponsoring firms. Philips reported receiving 10,000 such inquiries in 1984. An agreement sponsoring policy is an efficient way of screening out improper ideas.

As explained by (Meenaghan, 1991) a sponsorship policy, by definition, must be specific for the company and represent the company's vision for itself and its products. A sponsoring policy will generally clearly define both allowed and undesirable areas of action. A firm, for example, may choose not to sponsor individuals, blood sports, or politically sensitive activities such as a South African rugby trip. Likewise, a guideline may identify appropriate areas of opportunity, such as the arts, at the upper, rather than mass, level. All possible sponsorships that have successfully passed the policy-screening step must next be reviewed against predetermined selection criteria.

2.6 What criteria

According to (IEG, 2017), the typical sponsorship criteria are:

- 1) Image compatibility
 - I. Does the property support the visual image we're aiming to establish?
 - II. Do we want to be linked with that lifestyle?
- 2) Audience composition
 - I. What are the group's purchasing tendencies and who is the target market for the property?
 - II. What region(s) of the market does it affect?
- 3) Ability to incentive retailers
 - I. Can we design several promotions around the sponsorship so that every shop in a market that is competing for customers has a unique campaign?
- 4) Ability to leverage
 - I. Is there a chance for engagement from multiple brands?
 - II. Do you allow "star performers" in your advertising or promotional efforts?
 - III. How long will the property be promoted? Is it relevant every season, all year long, or only once?
- 5) Media
 - I. Does the property appeal to the media in a favorable way?
 - II. Can it attract newspaper and television media attention?
 - III. Can anyone acknowledge our presence?

6) Exclusivity

- I. Are there already too many sponsors on the property?
- II. Product showcase
- III. Can participants wear or use our product while competing or performing?
- IV. Does the property provide our product credibility among passionate consumers?

7) Ability to impact consumer sales

- I. Can we create advertisements for our event that directly encourage product purchases?
- II. Are our main consumers attracted to the hospitality component?
- III. Does the sponsorship provide a meaningful point of difference for our marketing strategy?

8) Efficiency

- I. Could another form of media produce the same effects more affordably?

9) Measurability

- I. Can we measure the results of the sponsorship?

10) Continuity/ability to extend

- I. Does the possibility for a long-term sponsorship exist?

11) Ease of administration

- I. Do we have the staff and the logistics necessary to manage the sponsorship effectively?

2.7 Categorization of the sponsorship criteria

While each firm must establish the selection criteria that they believe are acceptable for their company as a whole or for specific audiences, the following factors will almost always be considered (Meenaghan, 1991).

As stated by (Meenaghan, 1991), the capacity to meet stated objectives is a critical element in the evaluation of any sponsorship application. As previously stated, these objectives may be defined in terms of both corporate and brand recognition and image.

A second significant goal of sponsorship engagement is image development. The fact that a particular sponsorship has its own personality and perception in the public consciousness is an important factor in sponsorship selection. This 'image by association' effect is widely recognized in marketing theory. As with different magazines, there is certainly a 'rub-off' or 'halo effect' from identifying with a specific sponsorship. This image through association or 'rub-off' effect is a key consideration in sponsorship selection.

As previously mentioned, businesses can target a range of audiences via their sponsorship activities, and the capability of a sponsorship program to fit the designated target demographic is a critical factor in picking the specific sponsorship.

Based on (Meenaghan, 1991) this matching process can occur at several levels.

A. Demographic

In the past, poor audience segmentation for sports, arts, and other events impacted sponsorship selection. However, the efforts of forward-thinking sports and arts organizations, as well as select research firms, have significantly enhanced the quality of information, and sponsors nowadays can evaluate proposed sponsorships against their ability to reach their intended target audiences.

B. Geographically

The ability of the planned sponsorship to cover the geographically targeted market is also important in selection. The capacity of the sponsorship to cover a multinational company's different markets is critical. As a result, CocaCola sponsors the Olympics, but a domestically focused firm, such as Barclay's Bank, sponsors the Football League in the United Kingdom.

C. Lifestyle

Another crucial selection consideration is the sponsorship's capacity to mirror the target audience's lifestyle. As a result, Volvo chose to support both tennis and golf, meanwhile brewing and cigarette businesses are more likely to sponsor darts and snooker.

2.8 The level of coverage of the target audience

According to (Meenaghan, 1991) the quantity of expected exposure and the size of the audience likely to be exposed to the company's message are crucial selection determinants. The potentially exposed audience can be measured in terms of:

- a) Media Coverage
- b) Participants
- c) On-site fans

Potential media coverage is generally a decisive factor in the choosing process. It may be a valuable bonus for companies seeking corporate hospitality; for big, branded products companies, it may be the foundation of their engagement.

2.9 Costs related to the sponsorship's programs

In agreement with (Meenaghan, 1991) affordability may be an important criterion. Any sponsorship must include the cost of 'leveraging' the program with support activities. (Leveraging refers to the additional work, mostly promotional, that the sponsor must expend in order to adequately capitalize on the opportunity afforded by gaining certain sponsorship rights.)

Various other factors, including the possibility for guest hospitality, staff knowledge of the proposed sponsorship, the organization of the sponsored activity, and the distraction factor involved, may be used to evaluate the numerous different opportunities available depending on the sponsor's justification for involvement.

According with (Meenaghan, 1991) the implementation of the following strategy can make the sponsorship selection process more organized. Each proposal is assessed using the criteria deemed acceptable for the specific program once it has been selected after fulfilling policy parameters. To do this, each selection criterion should be ordered in terms of desirable achievement, and each proposal should be graded according to how well it meets the specified requirements. Thus, a total score may be calculated for each sponsorship request, allowing for a more objective evaluation.

2.10 The implementation of the sponsorship program

How the sponsorship program is implemented will have a significant impact on its success. Implementing the sponsorship as a part of a marketing campaign and integrating it with other marketing communications components is essential. Additional advertising and marketing must be done by the sponsor to support the sponsorship. In order to leverage the initial sponsorship contribution, it is generally accepted that an amount at least equivalent to the direct fee payment must be used (Meenaghan, 1991).

2.11 Measuring Results

In accordance with (Meenaghan, 1991), after selecting the most appropriate sponsorship and ensuring its effective implementation, the sponsorship program must be examined against the objectives outlined at the beginning. As with all types of marketing communication, whether advertising or commercial sponsorship, measuring at numerous crucial phases substantially facilitates the assessment process.

1. Measurement is essential from the onset to establish the company's current position in terms of awareness and image with the target audience.
2. If the sponsorship is long term, periodic tracking may be required to identify progress on the targeted dimensions of awareness, image, and market attitude.
3. When the sponsorship is concluded, a final review must be conducted to establish performance levels versus the established goals.

To do so there are five different methods to measure the effectiveness of the sponsorship.

(i) Measuring media coverage/exposure

As mentioned by (Meenaghan, 1991) sponsors often use the degree of media coverage obtained as a consequence of sponsorship participation as a measure of performance. This examination involves measuring:

- a) The duration of monitored radio coverage.
- b) Television coverage.
- c) And the amount of press coverage measured in single column inches.

Monitoring media coverage as a proxy measure of sponsorship effectiveness is common, mostly because it is practical. However, it is critical to understand that the quantity of media coverage just reflects the extent of exposure generated by the sponsorship and, as such, is essentially equivalent to stating the level of advertising time or space purchased. As a result, this metric does not evaluate the effectiveness of the obtained exposure.

(ii) Measuring the communications impact of sponsorship involvement

As sponsorship is used to achieve basic communication objectives such as awareness and image, it is common to evaluate sponsorship outcomes in terms of communications rather than sales. Levels of awareness attained, attitudes formed, perceptions altered, or associations suggested are measured against specified objectives (Meenaghan, 1991).

Sponsoring organizations also seek to analyse sponsorship success by concentrating on the degree to which respondents link the company or the product with the sponsored activity.

The degree to which a sponsoring firm is connected with a certain sponsorship activity may be correlated with classification criteria such as gender, age, and social class, allowing the sponsor to establish his level of awareness with his chosen target market.

Accordingly, to (Meenaghan, 1991) Commercial sponsorship has the unique capability of changing corporate or brand image in addition to increasing corporate or brand recognition. The situation of IVECO trucks in the US market is one such example. Through study, IVECO discovered that the reason their trucks were not selling especially well in the US market was because they were viewed as fragile European vehicles in comparison to their more manly American competition. IVECO was able to engage with a masculine pastime and reach important decision-makers by sponsoring heavyweight boxing. Subsequent analysis revealed that this specific campaign was a resounding success.

(iii) Evaluating the sales effectiveness of sponsorship

Commercial sponsorship, like advertising and marketing communications in general, is very problematic for a variety of reasons.

1. Other marketing inputs are used simultaneously.
2. The consequence of past marketing communications efforts.
3. Uncontrollable business external variables include competitors activity and unpredictable economic conditions.

While these characteristics make linking sales outcomes to sponsorship spending more challenging, many sponsors use sales results as proof of sponsorship impact, even if giving clear proof of this effect is difficult.

(iv) Controlling customer's feedback

When the goal of sponsorship engagement is to provide guest hospitality, tracking guest opinions can provide a measure of sponsorship impact. Similarly, whether firm employees or the local community are targeted, feedback monitoring can give a meaningful indicator of efficacy. Other sources of feedback include participants, spectators, and activity organizers, as well as the company's own sales team.

(v) Cost-benefit analysis

When the motivations are more philanthropic rather than commercial in the sponsorship participation, it is required to go above and beyond traditional marketing techniques to assess the results. In such cases, it might be required to base the evaluation on the senior management team's opinion.

2.12 Why companies sponsor?

Sponsorship is not a replacement for advertising, public relations, or sales promotion in businesses. The advantages that sponsorship offers are quite distinct, and the media functions best when used in conjunction with an integrated marketing communications strategy that makes use of all available marketing channels (IEG, 2017).

The most popular motives for why businesses utilize sponsorship are listed below by (IEG, 2017) analysts:

✓ Increasing Brand Loyalty:

The most significant asset for a business is a loyal client base. A straightforward but unavoidable result of the lack of clear differences between products in every category is that emotional logic is the single most significant commercial motivator. Without feeling, a good or service is identical to all the others.

Companies build client loyalty by connecting their goods and services to the causes, events, and groups that matter to their target market.

✓ Visibility and Awareness

Sponsors have several options for publicity thanks to the wide coverage properties receive in both print and internet media.

✓ Reinforce or change the image

A brand image can be constructed, changed, or reinforced through sponsorship.

✓ Enhance retail traffic

Businesses create promotions to increase traffic using the resources from their sponsorships.

✓ Display commitment to the community

Customers are admitting they are willing to use their wallets to reward or punish businesses based on their corporate behaviour.

✓ Boost Sales

To increase sales, businesses utilize sponsorship as a hook.

✓ Exhibit product features

Sponsorship enables businesses to demonstrate the benefits of their products.

- ✓ Entertain Consumers

The hospitality components of properties are valuable to businesses that appreciate the ability to spend a few hours with clients and prospects and establish business connections.

- ✓ Selective

Sponsorship enables businesses to focus on a certain niche market without wasting money.

- ✓ Recruit and Retain talent

Sponsorships are also evaluated for their capability to provide incentives to a company's employees.

- ✓ Opportunities for Merchandising

Promotions at the point of sale that are themed around a sport, event, or cause may add excitement, color, and distinctiveness to in-store displays.

- ✓ Incentives for Retailers, Distributors and Dealers

Competition for shelf space is one of the most urgent issues impacting businesses today, and many are turning to sponsorship to win the battle.

- ✓ Differentiate

This goal is motivating most of the sponsorship from service companies such as banking, insurance, and telecommunications.

Sponsorship gives businesses a competitive selling edge since it allows for category exclusivity and may be utilized to create currency with customers.

- ✓ Fighting competitors higher advertising budgets

Because sponsorship is more affordable than traditional media advertising, it enables smaller businesses to compete with the industry's biggest players.

2.13 Sponsorship new benefits

According to (IEG, 2017), main elements such as category exclusivity and the right to use a property's marks and logos will remain on the list of the most essential rights and advantages given to sponsors by rightsholders. They are, however, being joined by advantages that are relevant to the zone currently occupied by partnerships.

Today's sponsorships are redefining the norms, including what rightsholders must offer their business partners. They are no longer idolizing the almighty impression and wanting more than a short-term lift.

Although many new and important rights are arising as a result of technical and other changes—for example, a sponsor's right to be featured in a property's mobile app—those addressed here are more extensive and represent a new degree of contact and commitment between marketing partners.

1) Market Intelligence

A successful property partner will have in-depth knowledge of its target audience, whether they be sports fans, event attendees, members of an association, or donors to a cause.

They must also be willing to share their knowledge and produce new relevant insights with their main corporate partners.

This conversation goes much beyond what has traditionally been considered information-sharing between property and sponsor. Not just a typical ticket buyer or event participant profile, but a knowledge of why and how they are participating, what motivates them to interact with and support partners, and what turns them off.

2) Product and Service Development

Taking market research, a step further, rightsholders could collaborate with sponsors to create and/or improve products and services targeted to those audiences, participants, members, and so on.

For example, the recent partnership between American Express and the online video game League of Legends to give a prepaid, co-branded debit card to the game's 32 million global players. Riot Games, the publisher of League of Legends, may provide American Express with proprietary information on user behaviour to guarantee the current card and any future ones are as relevant and useful as possible.

Many other rightsholders can act as living R&D facilities for their partners.

3) Expertise in sales, digital, and other areas

It can no longer be assumed that sponsors have a stronghold on the latest and greatest tools, as well as the smartest and brightest individuals.

A concert promoter can share e-commerce knowledge; a nonprofit can explain what works in minority outreach; a professional sports club can provide training in building a winning sales force; and a festival producer can show how to produce best-in-class mobile apps.

4) Social Strength

It is also necessary to need metrics that show the community's involvement, extending beyond the mere number of followers and likes to include evidence of participation in the form of comments, check-ins, sharing, and other forms of engagement.

5) Specialized servicing personnel

These people or teams guarantee that corporate partners get whatever they are entitled to and are kept up to speed on significant advancements and new possibilities, have a champion inside the property and are capable of fully optimizing the partnership.

Service personnel generally specialize in related categories, such as B2B, technology/services, and consumer products. As a result, they become important assets with knowledge of best practices, activation and measuring insights, as well as additional lessons learnt through their other clients.

6) Brand Value

Rights holders should discuss brand health metrics and show examples of how by affiliation, business partners will be able to boost their own brands. Additionally, you may encourage loyalty by turning stakeholders into ambassadors.

Prospective sponsors should assess their brand's strength to come upon the capability of the "products" of rightsholders to satisfy audiences and clients & other parties involved, as well as evaluating the property's brand identity, user interaction and cross-brand relations.

7) Flexibility

The realities of the marketplace imply that business objectives change rapidly and characteristics must be adaptable to those changes if they desire to evolve often to maintain partners as allies.

Actions might include things like increasing or decreasing rewards, completely shifting a partnership's focus, such as from on-site event presence to internet content.

Sponsors should speak openly with prospective partners. to determine if the rightsholder will be flexible if circumstances change and force a midstream adjustment to the category parameters, activation plans, characteristics, conditions of the contract, etc.

2.14 Sports Sponsorships

Quoting (Walzel & Romisch, 2021):

“The funding of sports today relies to a greater or lesser extent on the support of sponsors. It is almost indispensable in the field of semi-professional and professional top and spectator sports, and is often the most important source of revenue. Sports events, sports venues, teams, clubs, sportswear, and equipment are used today by a large number of companies to carry advertising messages, and reflect the breadth and variety of manifestations of sports sponsorship. Sport has become a popular and increasingly important communication medium for the business sector in recent decades.”

A sports sponsorship is a contractual relationship between a sponsor and a sponsee (sponsored entity) for the mutual benefit of both sides. The premise of services and services in exchange is distinct. The sports sponsor seeks to leverage the special, sometimes unique attributes and characteristics of the sports, as well as the widespread consumer interest in sports, to achieve its own marketing and communication goals. Sports sponsorship is an important funding tool for the sponsee in order to achieve sporting goals (Walzel & Romisch, 2021).

A sports sponsorship is defined by the presence of a written agreement frequently in the form of a contract, in which, among other things, the period, the contract's benefits, services, and other terms and conditions may be defined.

A sponsor use sports sponsorship as a strategy to produce specific communicative effects, notably advertising impacts, on recipients and their purchasing behaviour.

In accordance with (Schwarz & Hunter, 2008), sports sponsorship provides organizations with excellent opportunity to differentiate themselves from their competitors and engage directly with their particular target audiences. Comprehension of the consequences and mode of action of sponsorship, as well as the key influencing elements, is crucial not only for companies as (potential) sponsors, but also for the sponsee, for example, when to create sponsorship proposals and determining their prices.

Sports sponsorship is also distinguished by a variety of qualitative factors that highlight its importance and significance both within the context of sponsorship in general and in relation to other communication tools (Walzel & Romisch, 2021).

Quoting (Walzel & Romisch, 2021):

1. *“Sports sponsorship enjoys a high level of acceptance amongst consumers”*
2. *“Sports sponsorship is often characterised by higher contact quality and a wider reach”*
3. *“Sport today enjoys worldwide attention and interest, and is particularly suited to transcending national, cultural, religious, and linguistic boundaries”*
4. *“Sport makes it possible to address consumers in a predominantly non- commercial and emotionally pleasant situation and to reach target groups that can hardly, or only with great difficulty, be reached through traditional communication measures”*
5. *“The high level of attention paid to sports and the good preconditions favour positive image transfer for the sponsors”.*

2.15 Objectives of Sports Sponsorship

According to (Smith, 2008), sponsorship is a versatile promotional strategy since it may reach a wide range of market groups and assist the sponsor achieve a variety of promotional goals. This indicates that the majority of sponsorship objectives can be linked to a specific market segment (or segments) that a sponsor wishes to reach through the sponsorship program.

In accordance with (Smith, 2008) most objectives for sponsors usually are:

Segment	Objective
Public	<ul style="list-style-type: none"> • Promote the public image of the organisation • Grow public relations and media exposure • Create an overall impression of the brand • Generate positive perceptions through social-related sponsorship
Target Market	<ul style="list-style-type: none"> • Raise awareness for a product/ service/ brand • Increase market share or sales of a product • Create a brand link between the athletic property and the sponsor • Build brand equity (the extra value a product has a result of the brand name), which is the process of transfer values from the sport product to the sponsor • Create, transform the brand’s perception (the values and ideas

	<p>customers identify with the brand).</p> <ul style="list-style-type: none"> • Cultivating brand loyalty
Distribution Channel	<ul style="list-style-type: none"> • To increase channel members sales (wholesalers) • To advertise sales and offers from channel members (suppliers) • To establish new contacts/ distribution channels
Internal Stakeholders	<ul style="list-style-type: none"> • Strengthen relationships and staff morale • Satisfaction inside the organization and to provide corporate entertainment and hospitality • Encourage effective media relations (through corporate hospitality and corporate social responsibility)

Table 1 - Sponsorship segments and their objectives

2.16 Deciding the athletic platform

(Shank & Lyberger, 2015) states that after addressing the overall level of sponsorship reach has been considered, a more specialized sponsorship issue, namely selecting the suitable sporting platform, must be explored. According to Professor Christine Brooks, the athletic platform for sponsorship might be the team, the sport, the event, or the individual. The athletic platform (or platforms, in certain situations) is chosen based on sponsorship objectives, money, and geographic scope.

Sport or Leagues – Companies can either decide to sponsor sports or leagues. Jamba Juice, for example, made its first investment in a major sports league by negotiating a multi-year sponsorship agreement with the WNBA. The advantage of sponsoring women’s sports and the WNBA is that there is less sponsorship clutter. There are less competition in the sponsors for women’s sports or leagues, and those who choose to do it are positioning and differentiating themselves(Shank & Lyberger, 2015).

Team - The athletic platform can be provided by teams at any level of play (Little League, high school, college, and professional). Boeing and Starbucks are two outstanding examples of corporations that have opted to focus on professional sports teams as their athletic platform.

(Boeing and Starbucks used to sponsor the Seattle Seahawks NFL team)(Shank & Lyberger, 2015).

Events - The event is an athletic platform that is most usually connected with sports marketing. There are several examples of athletic event sponsorship, as well as chances to sponsor sporting events. In reality, the number of events often considerably outnumber the number of possible corporate sponsors(Shank & Lyberger, 2015).

In accordance with (Shank & Lyberger, 2015) the benefits of using an event as an athletic platform are comparable to the benefits of using other athletic platforms. For example, the event should raise awareness and improve the sponsor's image. Furthermore, users have a place to experience and buy the sponsor's items. The disadvantage of using events as a platform is that sponsors compete for the attention of the target audience with other sponsors. One common strategy to get through the clutter is to become the event's title sponsor.

Athletes - Athletes' persuasive power is originated from their credibility and, in certain situations, attractiveness. The knowledge and trustworthiness of the message's source are referred to as credibility. The source's expertise is defined as his or her knowledge, talent, or specific experience with the sports product. The other aspect of source credibility is trustworthiness. This relates to the athlete(s) endorser's honesty and credibility (s). Trustworthiness is an intangible attribute that is getting increasingly difficult for professional athletes to cultivate. Consumers today are aware that athletes with already high salaries are being paid large sums of money for endorsements. As a result, the athlete's credibility is frequently questioned. Aside from credibility, attractiveness is another aspect that contributes to athletes' success as endorsers. Although attractiveness is typically connected with physical attractiveness, it appears to have a nonphysical dimension depending on personality, lifestyle, and intellect. Attractiveness functions through the identification process, which implies that the target audience identifies with the source (athlete) in some way(Shank & Lyberger, 2015).

Athlete endorsers may be incredibly effective; however, there are risks associated. Athletes are expensive because they might have career-ending injuries or just do foolish things.

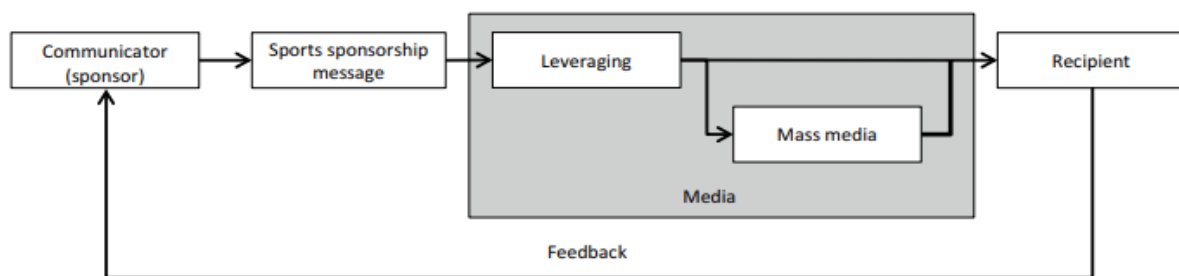
2.17 How sports sponsorships work

As a communicator, the sponsor sends out their sports sponsorship message (often only the brand logo, for example, on a jersey or on a board). Leveraging refers to a process of promoting the sponsor's brand and any other means of drawing attention to the sponsor.

The media plays a vital role in spreading the message. Ideally, the recipients (either live on site or through the media) will notice the sports sponsorship message and can provide "feedback" to the sponsor in a number of different ways, including on its impacts (e.g., interest in additional product information or purchase of the sponsor's products).

The results of sports sponsorship can be classified as cognitive, affective, and behavioural (conative), and they are linked by a causal chain. Cognitive effects come before affective and conative effects, consequently attaining conative sports sponsorship outcomes requires first achieving cognitive and then emotional sports sponsorship outputs (Wakefield et al., 2007)

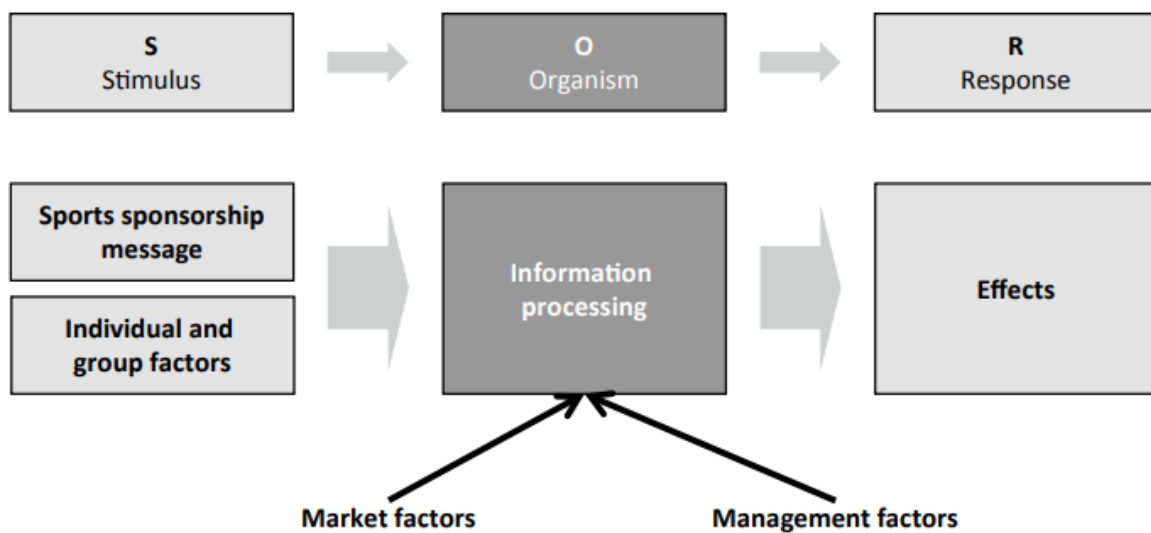
Cognitive outcomes are associated to perception, memory, image, or attitude. Sympathy, preferences, and sentiments for the sponsor's specific brand are examples of downstream affective effects. Behavioural outcomes include the recipient's actual behaviour as well as their intended behaviour. The end-of-the-chain purchasing intention and actual purchasing behaviour play a crucial role in sponsorship metrics, but recommendations (or the intention to) and word-of-mouth marketing could also be behavioural effects of sports sponsorship (Walzel & Romisch, 2021).



It is believed that information receipt and processing of sponsorship signals are influenced by individual characteristics of the recipient (experience, knowledge, participation, and arousal), as well as aspects of the social setting or context (see Fig. 1.2, (Walzel & Romisch, 2021).

Figure 1.2 - Basic communication process in sports sponsorship (Retrieved from Managing sports teams Walzel and Römisch, 2021).

The previous experience with the sponsor and prior knowledge about the sponsor are crucial predispositions for later information intake and processing. This includes one's



fundamental attitude toward sports sponsorship; a good attitude has a fundamentally favourable effect on sponsorship success.

A sports sponsorship's success is also affected by the recipient's personal commitment with a particular sport, individual, team, club, or sporting event. (Walzel & Romisch, 2021) discusses the relationship between sponsorship message engagement and recognition as an inverted U-shaped process. The likelihood of the sponsorship message being recognized initially grows with greater involvement, but only up to a point. Following that, despite or particularly because of a further increase in engagement, which is accompanied by a greater focus of attention on the sponsored object, the recognition values of sponsors decline once more (e.g. the match between two teams, identification with a club).

According to (Walzel & Romisch, 2021) numerous theoretical perspectives and empirical

Figure 1.3 - The process of sports sponsorship using the stimulus-organism-response (SOR) model, based on Walzel and Schubert 2018, p78. (Retrieved from Managing sports teams Walzel and Römisch, 2021).

data on the processes and variables influencing the processing of sports sponsorship communications are available.

Here is a quick summary of the three most significant ones:

1. The *exposure effect* is built on the presumption that each time a sports sponsorship message is shown, consumers develop a more favourable opinion of the brand or business. However, as was the case with participation, there is also a reverse U-shaped association for this impact. Due to excessive repetition, the sponsorship message may come off as (too) intrusive or irritating, which might lead to have a negative sponsorship effect (reactance effect).

2. The degree of resemblance between the sponsor and the sponsee is referred to as *congruence*. According to studies sponsorships where the sponsee and the sponsor have a high degree of congruence are better and more commonly viewed.
3. The degree to which the recipient *identifies* with the sponsee also considerably influences their tendency to buy the sponsor's goods.

(Walzel & Romisch, 2021) categorize other influencing elements into two categories: (1) market factors and (2) management factors. The elements that are independent of the sponsor's organization and the sponsee are included in the group of market factors. As a result, it is unlikely that they can be impacted at all. Examples of this include the recipient's perception of the sponsor's brand value and the so-called "sponsor overload."

The more sponsors there are in the recipient's perceptual context, the harder it is for them to recall specific sponsors and, consequently, for them to produce more conative and emotional results. The competition's actions are listed as the third and last contributing aspect by (Walzel & Romisch, 2021).

Management factors are those elements that the sponsor and/or the sponsee have control over. Examples include decisions concerning the policy of sports sponsorship (such as the number of sponsors) or actions to leverage or activate sports sponsorship.

Additionally, temporal effects also exist. While raising awareness may frequently be accomplished in a very short period of time, some goals, including improving or changing a company's image, need for a long-term commitment. A suitable contract length should be arranged for a sports sponsorship in accordance with the defined sports sponsorship objectives.

2.18 The concept of congruence between sponsor and sponsee

According to the notions of congruence (Walzel & Romisch, 2021) there should be some degree of resemblance between the sponsor and the sponsee in terms of certain qualities. In summary, a good congruence has a favourable, reinforcing impact on many sports sponsorship results. Between other things, it leads to:

- The consumer has a better attitude toward the sponsor
- The sponsor has stronger presence in the consumer's memory
- Enhanced image transfer

- And increased sympathy for a specific sponsorship

Nowadays, in addition to product and image similarity, many other dimensions of congruence are known, such as personality similarities between sponsor and sponsee, shared values, common target groups, and similar corporate missions. (Walzel & Romisch, 2021) identified seven dimensions that characterize the perception (overall) congruence between sponsor and sponsee: (1) "use of brand's products during a game either directly [...] or indirectly", (2) "size similarity", (3) "audience similarity", (4) "geographic similarity", (5) "attitude similarity", (6) "image similarity", and (7) "duration of the sponsorship relation".

According to (Walzel & Romisch, 2021), leveraging strategies can raise the perceived congruency of sports sponsorships with poor "natural" congruency by up to 38%. It should be noted that poor leverage might sometimes have negative consequences. On the one hand, it appears promising to demonstrate the value of sponsorship for the sponsee and, but at the other hand, to focus communication activities on the combined anchoring of sponsor and sponsee in a certain area or city (Walzel & Romisch, 2021).

2.19 Activating and Levering sports sponsorships

To maximize the potential of sports sponsorship, further leveraging and activation strategies are needed. This includes all verbal exchanges that cause the receiver to develop and carry along associations between the sponsor and the sponsee. (Bettina Cornwell, 2020)

Leveraging is the process of utilizing complementary marketing and communications initiatives to fully use the marketing potential of the relationship between the sponsor and the endorsee (Bettina Cornwell, 2020). Sports sponsorship is just the beginning of other marketing and communication strategies that might improve the results of a sports sponsorship.

These include public relations, direct marketing, social media communication, advertising, sales promotion, and internal marketing. Improving the sponsor's perception establishes associations between the sponsor and the sponsee, increasing the feeling of similarity between the two. Mass media is typically used to produce this leverage effect.

Contrastingly, the goal of "activation" is to use communicative strategies to interact and engage with the target audiences of the sports sponsorship directly (e.g., through participation in events and activities), in order to communicate an active, fulfilling brand experience.

The majority of these initiatives in the past were solely directed at the on-site audience (e.g., through a half-time break program created by sponsors, promotional booths in the stadium

setting, an inflatable trampoline for kids, etc.). Social media has made it possible to speak directly to sports fans at home and urge them to participate in voting, opinion-expressing, idea-generating competitions, etc.

2.20 Sports Sponsorship as Funding Instrument

Quoting (Walzel & Romisch, 2021):

“For most sport organisations, sport sponsorship represents a significant source of funding and provision of resources. At the same time, it is highly conditional. The success of sponsorship acquisition is largely determined by the construct of congruence, which is to be understood as the perceived fit between the sponsor and the sponsee. Product fit and the fit of target groups have the greatest influence on perceived congruence. The successful use of sport sponsorship involves seven tasks: (1) providing personnel and organisational prerequisites, (2) defining sponsorship principles, (3) specifying sponsorship objectives, (4) determining target groups and the scope of sponsorship, image, and brand profile, (5) compiling the overall tableau of individual services offered and developing corresponding sponsorship packages, (6) designing a stringent overall sponsorship concept, and (7) analysing the relevant market for potential sponsors.”

2.21 Formula 1

Formula One (F1) is a famous global motorsport racing series that captivates fans worldwide with its high-speed races, cutting-edge technology, and glamorous charm.

According to (Schweiger, 2022),

The pinnacle of motor racing and one of the top international sports championships is Formula 1. Since its establishment in 1946, F1 has served as a benchmark for cutting-edge technology and speed in addition to serving as the premier single-seater racing championship.

Formula 1 have been inspiring generations thanks to an unbelievable range of incredible pilots, from Senna to Hamilton, Villeneuve to Schumacher, with 20+ races around the world in a 10-month competition attracting millions in front of televisions and on the stands at the circuit.

A Formula One sponsorship is a once-in-a-lifetime opportunity to be linked with one of the world's most popular and watched sporting events, as well as an unrivalled platform for reaching out to a worldwide audience.

Establishing a Formula 1 sponsorship agreement implies considerably more than simply partnering with a sports property. It involves entering an exclusive world of business, technology, and R&D, as well as taking use of world-wide marketing possibilities at the greatest level imaginable.

2.22 History of sponsorship in F1

As (Cresner, 2020) mentions, Formula 1 just commemorated 70 years of competing for world championships. When it all started, the vehicles hadn't any sponsors, pit stops, and halos on the cars.

At first, the FIA prohibited sponsorship and required that the cars compete in their respective national racing colours, such as Ferrari's "Italian Red" and the British competitors "British Racing Green." The manufacturers logos on the automobile's noses were the only ones visible on them.

Small logos began to appear on the driver's overalls in the 1950s, but these were not from external sponsors, but from oil or tyre companies that supplied their products to the teams, similar to what Pirelli does nowadays, but these were not the same as the commercial sponsorships that we see on all teams today.

Due to their lack of interest in the potential financial rewards of providing oil for free, Shell and BP left Formula 1 in 1968. Answering to the risk that teams may be forced to quit the sport due to a lack of finance, the sport's governing body allowed for commercial sponsorship in 1969. This was considered to be the most important choice in the history of the sport's business operations.

Lotus was the first team to compete with corporate sponsors at the 1968 Monaco Grand Prix.



Figure 1.4 - Lotus 1968 Monaco Grand Prix (Retrieved from Motorsportmagazine.com).

While the livery of the cars served as a conventional model of sponsorship in sport, teams are now shifting more and more to a new sort of sponsorship model that goes beyond a payment and a brand name into something that is significantly more advantageous to both parties.

2.23 Sponsorships in Formula 1

Formula 1 reaches 1.55 billion people in 188 countries, and this figure is rising every year. In 2021, there were 70.3 million viewers on average each Grand Prix worldwide. With these numbers, it ranks among the most popular sports in the world, and as it gets more and more accessible through digital means, its popularity is only growing (Schweiger, 2022).

However, because Formula 1 has a sizable social media following, the sport's appeal extends beyond television. When compared to other major sports in 2021, F1 has the highest interaction rate on social media with 49.1 million total followers.

According to (Schweiger, 2022) some interesting statistics are:

- The average Grand Prix audience is 87.4 million.
- Strong performance in a number of important markets, with year-over-year (YoY) growth rates of +43% in China, +28% in the Netherlands, +10% in the UK, +71% in Russia, and +5% in Germany. Even without any local time zone events and the absence of the US Grand Prix, which would have benefited from more exposure to the ABC audience, the USA had a +1% rise.
- Unique viewers: 433m (-8% YoY), with fewer races as well as the reasons mentioned above.

- Across the four main social media platforms, Formula One is the second-fastest growing professional sports league in the world.
- Followers (on Facebook, Twitter, Instagram, YouTube, Tiktok, Snapchat, Twitch, and Chinese social networks) grew 36% to 35 million, video views climbed 47% to 4.9 billion, and overall engagement increased 99% to 810 million.
- Total video views on F1.com, the F1 App, and social media grew by 46% vs 2019 to 4.9 billion, unique users on F1.com and the F1 App climbed 26% to 70.5 million, and page views increased by 13% to 1.3 billion.
- In China, digital growth has been quite significant, with followers on Chinese platforms (Weibo, WeChat, Toutiao, and Douyin) increasing by 133% to 1.9 million.
- Beyond The Grid has 14 million audio streams, making it the most-listened-to motorsport podcast in the United States, United Kingdom, Australia, and Canada, among other countries.

Formula One is currently outperforming other significant sports in the digital arena, such as La Liga, the NBA, the PGA Tour, and the Premier League. The digital portion of total minutes (broadcast and digital) increased from 7% in 2019 to 10% in 2020.

2.24 Why sponsor Formula 1?

As reported by (Hallet, 2021), when a brand considers becoming a sponsor for one of the teams or the sport itself, there are various factors that must be addressed by both parties - it's not just about sticking a brand's logo on the side of a car or billboard in the hopes of increasing their recognition.



Figure 1.5- Red bull Racing team sponsors (Retrieved from motorsport.nda.ac.uk)

In order to build a personalised approach, the team or sport should first define the campaign objectives of the specific sponsor. For example, most people are familiar with Ray-Ban sunglasses. As a result, when Ray-Ban negotiated its sponsorship agreement with Scuderia Ferrari, they were probably more concerned with developing a synergy between the prestigious Ferrari name and Ray-Ban.

They do not have to emphasis on awareness. In contrast, when ROKiT sponsored Williams Racing, relatively few people had heard of the company. As a result, while they were negotiating their arrangement, they may have placed a greater focus on leveraging their sponsorship as a vehicle to assist raise awareness of the ROKiT brand. This is often related to the company's maturity. Younger brands may need to raise recognition, whilst more mature firms may leverage Formula 1 to develop an emotional connection with their audience. Other organizations could use the sport to build B2B (Business to Business) relationships. This means that corporate networking opportunities with other firms may be more important to them than pursuing Grand Prix fans directly.

Some of the main reasons that companies choose to sponsor in F1 are:

- Increasing Consumer Sales

Consumers love products, brands, and other people because they can relate to them on a personal level. For instance, sponsorship provides Red Bull to reach its target audience with communication that is relevant to their interests. Sport serves as an escape from everyday life for many people and is an important component of their identity. By tying the Red Bull brand

to extreme sports and Formula One, the Red Bull brand becomes a part of the self-identity of anyone who shares similar interests. This emotional connection is an appealing vehicle for establishing relationships with customers and contributes to the formation of brand preference (CParrish, 2013).

- Business-to-Business Sales

As explained by (CParrish, 2013), due to supply networks, the overall amount of worldwide B2B transactions is substantially bigger than the volume of B2C transactions. Many enterprises that sell to consumers also sell to the business sector, while some only offer B2B.

As an example, consider BlackBerry. The initial idea that most people have is that BlackBerry was in Formula One to sell mobile phones to customers. False; with their F1 sponsorship, they also could sell into the B2B sector. How do they manage this? Today, F1 has a commercial network of over 220 worldwide corporations that are involved in the sport in some way as sponsors.

Utilizing the F1 paddock as a networking platform, BlackBerry may meet many of these firms during the season and determine (very quickly and typically on an informal basis) whether these companies are interested in BlackBerry providing phones for their employees. They can also meet other sponsors that provide complementary services, like as Vodafone, at races. As a team sponsor, they may also encourage decision makers from non-sporting industries to initiate dialogues that would not have occurred otherwise.

- Product Licensing

As stated by (CParrish, 2013), sponsorship can also expand a company's product portfolio by allowing them to develop a licensed product. A license agreement allows a firm to exploit a team's brand in connection with a certain product. Many recent licensed items are related to the advanced technology seen in current F1 vehicles, although this does not have to be the case. Many teams have license agreements with watch manufacturers that complement F1's elegance and refinement. TW Steel, Oris, IWC, and Richard Mille are a few examples.

Some licensed goods just utilize the team's brand name; usually the more reputable and successful, others collaborate to create a product or draw inspiration from the team or the vehicle.

Licensed items frequently assist in raising brand impression and often allow the resulting product to carry a premium price tag, producing even higher profit margins than conventional products.

- Employee Engagement

According to (CParrish, 2013), companies may one day be totally operated by computers and machines, but that time has not yet come, therefore for the time being, the most crucial resource in a firm is its personnel. Sponsorship may be utilized to improve operational performance as well as to demonstrate, inspire, and encourage employees.

Businesses can leverage their rights in all sponsorships to encourage employee pride and develop staff development and reward programs to assist deliver excellent business results. In Formula One, for example, most teams have a number of turn-key programs, such as pit stop challenges, that their sponsors may utilize to engage their workforce. Others reward top sales agents awards that include a few days immersed in the flashy and desirable F1 lifestyle.

- Buying Loyalty via Sponsorship

In accordance with (Hallet, 2021), a sponsor doesn't only want followers to interact with them on social media; they also want them to buy their products and services. As reported by the study, another component of the research was to determine how Formula 1 sponsorship influences fan purchase decisions. Over 40% of those polled said "has the fact that a company supports a Formula One team, or the sport itself, ever affected a buying choice for you?" This may be considered a sizable proportion of the fandom.

Another consideration for a business when negotiating a sponsorship agreement in racing is the impact that the duration of the association might have on sales. This is demonstrated by the fact that more than 40% of respondents believed that the longer a brand remains a Formula 1 sponsor, the more likely they are to acquire a product/service from them. This demonstrates an important aspect of longer-term sponsorship deals.

- Brand Visibility and Recognition

Based on F1 Chronicle (Alexander, 2023), the popularity of F1 sponsorships is fuelled by the sport's global appeal and enormous fan base. F1 provides a unique marketing platform for businesses seeking international visibility and interaction, with races aired in over 180 countries and millions of fans.

The enormous global viewership of the sport is one of the primary elements promoting the appeal of F1 sponsorships. This large and diverse audience delivers an array of demographics for advertisers to reach, making F1 sponsorships very enticing to firms seeking worldwide popularity.

The sport's status as a high-performance, aspirational, and exclusive sport makes its sponsorships more appealing. Sponsors benefit from the sport's associations with speed, precision, and innovation.

The sleek race cars decorated with sponsor logos, team attire, trackside banners, and online platforms give prominent branding opportunities, allowing sponsors to present their emblems and messages to a global audience intrigued by motorsport.

This exposure, particularly in a world championship setting, may greatly improve brand visibility and recognition, giving a compelling reason for brands to invest in F1 sponsorships.

- Interaction with fans

According to the answers to the survey in the study by (Hallet, 2021), more than half of respondents said that the more a Formula 1 team interacts with its supporters, the more likely they are to buy products/services from the team's sponsors.

The respondents were given a list of numerous engagement strategies from which to choose which they believe is the most effective way for a team to engage with them as a fan. The most popular was having frequent online Q&A sessions, followed by answering to fan comments on its social media sites.

Holding Q&A sessions with drivers will also allow fans to get closer to their favourite drivers, perhaps increasing the benefits of product endorsements and driving sales for the team's sponsors' products and services. A mixed strategy, however, can be advantageous because it could be claimed that various strategies should be employed to draw in various types of fans.

What actions may a team do to assist promote its sponsors even more? Participants feel that providing free samples of a product or service to fans on Grand Prix weekends is more significant to them than seeing the teams and drivers use it. In reality, the statistics indicated that fans preferred product or service samples to a brand's noticeable advertising on an F1 car.

A potential sponsor must also take merchandise agreements into account. For instance, sponsors' logos are seen on the bulk of F1 team apparel. Contrarily, Formula 1's own branded gear solely features the F1 logo and not the trademarks of its sponsors. This means that team

sponsors can increase their visibility and be linked to Formula 1 outside of the racing arena. For instance, when a fan wears a McLaren jacket in the high street, people can see the Dell logo and link it to the McLaren team. However, if Dell were to sponsor Formula 1, then this would not be conceivable.

- Product Placement

As stated by (Hallet, 2021), a potential sponsor should think carefully about where it will position its advertisements during the sponsorship campaign.

First, it must determine whether supporting one Formula 1 team, the entire sport or one pilot will be more likely to help it achieve its campaign goals. In a questionnaire, the respondents were asked which of those two possibilities they believed would be most advantageous for a brand in order to comprehend this from the viewpoint of a fan.

Nearly three times as many people voted to support a team than to support the sport. This demonstrates that, from the perspective of the fans, supporting a team would be preferable to supporting Formula 1. This is based on the fact some people find it simpler to recognize and recall companies that support a team than the sport itself.

This either suggests that Formula 1 might be able to do more to help make its sponsors more visible to consumers or leverage more interesting techniques to help fans remember them.

Some supporters believed that it would be preferable for a brand to sponsor a team because they find it easier to associate themselves to a team than to a wide international sport. This was reinforced by the fact that you could identify with the drivers, cars, and other members of a team. Other researchers have emphasized the relevance of fan identification, since it can increase loyalty, which in turn enhances sponsor memory and recognition, justifying why supporting a team may be more beneficial.

During the survey, the actual location of a sponsor's logo was also examined. With a team's car being voted as being most likely to capture a fan's attention, the benefits of sponsoring a team are once again highlighted. However, there are some drawbacks to this. For example, if both of a team's cars abandon from the race early, the logos on their cars are unlikely to be seen for the remainder of the race.

This then relates to factors like as how much airtime each team receives, with Mercedes potentially receiving more than Haas. However, if you sponsor Formula One, you will almost

certainly gain more guaranteed attention because vehicles will pass your banner every lap - regardless of who crashes out during the race.

3 Methodology

This chapter's goal is to describe the research methodology employed in order to express all the factors that influenced the choices made about the study's approach. This study contains an exploratory component because it focuses on a particular subject that isn't well investigated worldwide and particularly in Portugal. According to the articles that were accessed, this will be the first one with the aim of analysing specifically the impact of sponsoring in Formula 1.

Accordingly, it was realized that a qualitative study, which focuses more emphasis on the interpretation of events, would be the most effective technique to accomplish the goal of this research. Putting more of a focus on how phenomena are interpreted, as (Carmo & Ferreira, 2008) propose, "in the interpretation of phenomenon".

The main question in qualitative research is not whether the findings can be generalized, but rather whether generalizations from other contexts and people can be applied to them.

In this way, it is important to define a set of objectives to understand the reasons why different companies decide to sponsor in Formula 1:

Research Questions

1. A brand's notoriety influences the desire to sponsor in Formula 1.
2. Sponsoring in Formula 1 helps increase the perceived value of a brand.
3. Sponsorship in Formula 1 provides a differentiation market positioning.
4. The possibility of networking influences wanting to sponsor that sport.
5. Formula one offers the possibility to become global.

To achieve the previously defined research objectives, a qualitative analysis was carried out, based on interviews. These had as target audience people that work in the sports industry or have know-how relevant to the study like Motorsport Journalists, F1 Hosts, Authors of articles related to sports sponsorship, Sports Consultants and Driver-coaches. A choice of interviewees with these characteristics is justified, on the one hand, by the fact that they will have different opinions and views on the questions that are being considered, thus increasing

the heterogeneity of the sample. In addition, they have experience and credible points of view to add value to the study.

A total of 20 interviews were conducted, a number considered sufficient to validate the sample for a qualitative study (Creswell & Poth, 2018). These interviews had an average duration between 20 to 45 minutes and were conducted via Zoom. The interviewees' consent was requested for their recording. interviews.

Regarding their structure, the interviews consisted of three parts. The first part referred to a brief introduction that served to contextualize the interviewees about the relevance of the study and present the objective of the study for a better understanding of the interview. The second part consisted of some small simple questions, concerning their profession and contact with the area, with the aim of characterizing the sample and ensuring that it was relevant to the study. The third and final part was the focus of the interview, with a total of 5 open questions, for them to express their opinions and to understand their points of view regarding the subject The impact of sponsoring in F1. Finally, once all the interviews were completed and ensured to be relevant, they were transcribed from video to text using word and centralized into a single document in order to facilitate the processing of information.

4 Results Analysis

João Salvanio – Host for a f1 podcast (Innovation agenda in gas energy)

1. What motivates companies to invest and sponsor in Formula 1?

F1 is a global sport with very attractive coverage, visibility, attractive platform.

Being global, very technological, cosmopolitan, highly multicultural, consumer businesses. As there are few moments per year it ends up bringing more interaction and more hype.

2. What differs sponsoring in Formula 1 to sponsoring in other sports?

Different points of interest for branding, the visibility achieved can be cheap compared to other advertising media.

3. What are the main objectives defined by the companies when they sponsor in F1?

Visibility, Awareness, using the sport as laboratory to develop products.

4. What are the risks of sponsoring in Formula 1?

- Higher risk to be associated with a team that commits illegalities,

- Not wanting to be associated with a team that loses,
- Risk of investing too much for few results,
- Not being able to benefit in a certain location,
- Being a bit dispersed or diffused by the number of sponsors in that team (mclaren).
- (Haas) case of "success" by the global exposure of the brand that very few people knew outside America, amplify the image of a company.

5. What are the main results of Sponsoring in Formula 1?

- Global Visibility.
- Reinforce branding, increase credibility, legitimize the company with the public.
- Offer networking, reward own customers, or entice new ones.
- Associate with other prestigious and successful brands.
- Associate with technology.
- Advertising medium rewarding by cost/visibility ratio (economic) on a large scale.

Óscar Gois – Journalist for Eleven Sports

1. What motivates companies to invest and sponsor in Formula 1?

Various types of sponsorship, direct to F1, main promoters of the sport (e.g. Gulf Air Qatar GP) and sponsorship of teams, drivers, and the existence of "almost one sponsorship for each race". This formula has been modernized.

Coupled with this growth, exposure, business opportunities, networking at the GPs, one of the highest visibilities in the world, much higher ROI than other investments, offering the possibility of advertising campaigns and various ways to execute brand activation.

2. What differs sponsoring in Formula 1 to sponsoring in other sports?

- There is no Championship more organized than F1 regarding motorsport.
- It is difficult for a tap to sponsor in F1 as emirates has exclusive rights with the championship.
- Team spirit and fans being able to live in the same spaces leads brands to prefer sponsoring in F1.
- Statistics on views on digital platforms, TV and on-site.
- F1 prestige, better technology, bigger audiences.
- Fashionable sport

- Advertising in esports, in the F1 game (esports championships)
 - Tech-talk sponsorships in a type of programs
3. What are the main objectives defined by the companies when they sponsor in F1?
- Visibility and Return (increase sales).
 - Association with the top of Technology in F1.
 - Development of new technologies, systems that will be installed in the products that will be launched to the market.
 - Achieve the prestige of being champions.
 - Become unforgettable by creating some memorable.
4. What are the risks of sponsoring in Formula 1?
- Brand diffusion, getting a bit lost in the middle of so many sponsorships, less financial disposition can generate situation where sponsorship will be rotating.
 - Not seeing sponsorship as an investment and not being able to get the results that were intended.
 - An opportunity in sponsorship rotation by generating curiosity in the people who are watching.
 - Heineken has preference in naming a race.
5. What are the main results of Sponsoring in Formula 1?
- Worldwide exposure.
 - Brand monetization.
 - Association with a top world championship.
 - Association with the world's top pilots.
 - Association to the top of technology.
 - Association with brands with which we identify (Mercedes, Ferrari, etc.).
 - Psychological connection of brands.

João Carlos Costa – Journalist Sport TV

1. What motivates companies to invest and sponsor in Formula 1?

Marketing, branding, brand placement, bringing news from the competition to the marketplace.

Visibility, partnerships with other brands.

Example of Benetton, and Red bull (nothing to do with cars but successful).

2. What differs sponsoring in Formula 1 to sponsoring in other sports?

Advertising window differentiated from other competitions with more regularity (vs world cup, Olympic games) more capacity than other competitions (maybe related to prestige).

The same level of notoriety as World cup or Olympic games but with more regularity.

Prestige that not many sports are able to provide this perception of value.

3. What are the main objectives defined by the companies when they sponsor in F1?

Networking, bringing customers to races in order to create partners (offer of experiences).

Brand visibility, branding, giving confidence to consumers.

Personal taste of the higher management.

Return on investment, familiarize consumers, or clean their public image (case of Saudi Arabia).

+120 countries of direct races (Window of dissemination of a country, have the possibility to have a stage).

4. What are the risks of sponsoring in Formula 1?

- Diffusion by sponsorship turnover (difficulty being recalled)
- Image of fatal accident (being associated with this), lack of results of the team we sponsor (despite reduced risk), being associated with illegalities.

5. What are the main results of Sponsoring in Formula 1?

- Brand awareness in a global market.
- Showcase and maintain the brand in a global market.
- Making the brand much bigger than it really is.
- Emotional connection with sport.
- Brand positioning.

Nuno Pinto Winway Aston Martin – Coach and Manager of the pilot Lance Stroll

1. What motivates companies to invest and sponsor in Formula 1?

Return, exposure, networking, "brings business", one of the most watched sports in the world, brand image, being associated with one of the top exponents of motorsport, with high technology and high performance, offers "a marketing move".

2. What differs sponsoring in Formula 1 to sponsoring in other sports?

Exclusivity, more special experience for the services that can be provided, possibility of doing business, reaching high positions with much greater ease and accessibility, smaller companies wanting to be associated with the "high level" of larger companies.

3. What are the main objectives defined by the companies when they sponsor in F1?

Exposure, improve image, further modernization, showcase products, do business "networking", seek feedback, use as a bonus for staff to seek and hold talent, enhance brand image, invite the best customers for a unique experience, hospitality, association with brand names.

4. What are the risks of sponsoring in Formula 1?

- Low risk
- Negative publicity
- Association with a tragic accident
- Some brand representative saying something.
- Scandal with an illegality
- Very high sponsorship fees.

5. What are the main results of Sponsoring in Formula 1?

- Enhance the brand image.
- The association with high-tech sport, with performance, results and productivity, a very exclusive medium.
- Return (better sales or higher notoriety).

Lionel Maltese – KEDGE BS Marseille Sport Event Management Teacher

Member of the Executive Committee of the French Federation of Tennis.

1. What motivates companies to invest and sponsor in Formula 1?

Visibility (advertising), international experience, pilots (stars) with huge visibility, classic image with the teams, no comparison in terms of motorsport, exposition, content (involvement

with the car eco system), different ways to do activations for the brands, experience of the event, possibilities for networking.

2. What differs sponsoring in Formula 1 to sponsoring in other sports?

- Make the proof the services will perform (you can test it), link between f1 and car industry with innovation (prob the only sport you can talk about innovation), bring performance.
- Community in the motorsport and cars industry (brand and practice community)
- The experience of the event for 3 days, possibility to bring customer or possible clients.

3. What are the main objectives defined by the companies when they sponsor in F1?

- Measurement of Brand exposure, behaviour of the teams to see relate (fit) (if they are the same “energy”), Exposition, providing experience for the clients.
- Innovation in products and association with this high performance and peak technology.

4. What are the risks of sponsoring in Formula 1?

- The costs (high importance) because they need to spend it on the events and to pay the sticker on the car and on the driver jackets (need high amount to open this possibility).
- The environmental people might disagree. (Environmental concerns with sustainability).
- Coming and leaving countries we might want to be in (targets for the sponsor) (the case of France where they had a GP for a long time and now, they are stopped racing there).
- Responsibility to make safe cars.
- Social engagement (different to the network).

5. What are the main results of Sponsoring in Formula 1?

- Create and have a proof of your brand (in other sports it is difficult to have a proof)
- Raising awareness with more innovation
- Pride with association (brand quality is increased, value perception increased)
- Create a competitive advantage.
- Generate a lot of content for advertising.
- Reach different target audiences.

Rui Chagas – F1 Host

1. What motivates companies to invest and sponsor in Formula 1?

- For the different platforms that are currently available to promote companies, commercial interests, interests for their clients (networking, to do more business in there), media exposure.
 - Interests of companies to expand their business in different regions.
2. What differs sponsoring in Formula 1 to sponsoring in other sports?
 - Commercial interests, doing business, different brand image, brand positioning, brand exposure, personal taste of the company owners for this F1 world, reaching different market areas in the world.
 3. What are the main objectives defined by the companies when they sponsor in F1?
 - Brand image, networking, positioning, increase sales, expand business.
 4. What are the risks of sponsoring in Formula 1?
 - There is a scandal that for example Haas is using the team to "launder money", the companies that are sponsoring this team.
 - Haas had to fire a Russian driver at the start of the war (case of scandalizing him)
 - Honda entering with a weak engine for the championship (gives bad image of Honda's brand) by the lack of competitiveness.
 - A big difference between the brand image (case of Duracell, long lasting batteries, and Williams not finishing all the races, this shows that the brand image is not compatible).
 - Spending too much money for what you get out of results (but very rare case).
 5. What are the main results of Sponsoring in Formula 1?
 - Improve the image of the brand, but also improve the image of the country (Aramco - Saudi Arabia).
 - Depending on the interests of the companies and the areas they want to reach more, case of Heineken sponsors a lot in Italy.
 - Increase sales, direct or indirect return for an area, region, case of increasing tourism in a region/area, or increasing consumption of Portuguese products.
 - Positioning, differentiation.

Ricardo Oliveira – ex-director of Marketing & Communications Renault Portugal

1. What motivates companies to invest and sponsor in Formula 1?

Notoriety and global dimension that F1 offers (bigger than all motorsports), platform with an association to the peak of technology.

Renault's case (typically European and looking to grow to the rest of the world) - looking for global notoriety, take the brand name to the rest of the countries through sport.

2. What differs sponsoring in Formula 1 to sponsoring in other sports?

Brand positioning (looking for this distinct positioning), associate their image and brand to the peak of technology and notoriety.

Repsol- association with MotoGP, instead of being 1 more, they are protagonists, and less expensive.

3. What are the main objectives defined by the companies when they sponsor in F1?

Notoriety, Image association, Glamor of the F1 world.

Ferrari - creation of the brand's DNA, clear association

Mercedes - creation of the AMG by association with racing

Renault - some difficulty in showing this association, a link with the competition and the world of F1.

4. What are the risks of sponsoring in Formula 1?

- Risk for the brand of not getting enough notoriety (although it is more guaranteed).
- Not having a return on investment.
- By winning the notoriety and glory is very evident, but if you don't win, you don't have as much visibility in the media.
- Too high an investment for what you get out of it.

5. What are the main results of Sponsoring in Formula 1?

- Return on investment, through sales, notoriety.
- Benefit associated with winning ends up being lower when you win a lot, and you end up getting attention when you lose (Renault case in 90's) or the engine fails, you end up hearing after all the engine breaks, and you don't win.
- Having a GP in different locations around the world opens doors for brands to different markets.
- Case of Renault - instead of spending so much money on advertising to reach the Asian market for example, it was more beneficial to be in F1 than spending millions on advertising

to have the same notoriety (because Asians love F1 and racing). They came back in 2015 because they wanted to be associated with electric motors.

Pierre Guyonnet-Dupérat – ex-Director of Communications of the French GP

1. What motivates companies to invest and sponsor in Formula 1?

Visibility, very trendy and very visible with the Netflix show, values association with the technologies, promoting this kind of associations, creating opportunities for sponsor events (alcohol, tabaco for example).

2. What differs sponsoring in Formula 1 to sponsoring in other sports?

One of the most visible sports in the world right now, the audience grew a lot in this past of couple of years, still not super expensive, compared to the different sports.

3. What are the main objectives defined by the companies when they sponsor in F1?

- Awareness, public relations, networking.

4. What are the risks of sponsoring in Formula 1?

Links with the environment damage your image of your company if f1 is not following the same value as you, if the sports start declining, creating bad image.

5. What are the main results of Sponsoring in Formula 1?

- Creating awareness,
- Attracting a new range of potential customers,
- Confirming your affirmation in technology, linking to and associating with the values of sport,
- Return on investment and increased revenue.

António Gonçalves - Strategy & Digital Transformation Consultant N3XT Sports

1. What motivates companies to invest and sponsor in Formula 1?

- Premium positioning of the brand/company, who consumes f1 is very broad, can reach many people, but as a premium product for all the refinement that exists in this sport.
- Assert themselves as firm and premium brands.
- Visibility, covers several markets and growing Americas, Qatar, and the Middle East,
- Covering several continents (global strategy/globalization).

- Growth of the sport through the series (Netflix).
2. What differs sponsoring in Formula 1 and in other sports?
 - Positioning (there must be a certain alignment between the brand and the sport).
 - Covering different markets (localization) and reaching a certain type of customers.
 - Point of contact or a justification to reach a country (because it offers credibility and as a point for negotiation).
 - Achieving credibility for different countries or customers, by association with the notoriety of the sport.
 - Criteria of the different sports to be a sponsor (because of the ethics of the companies and there is a fitting at the level of similarity of the images of the brands).
 3. What are the main objectives defined by the companies when they sponsor in F1?
 - Knowledge of the fan base and customers/consumers.
 - Image association, Market positioning by the perception of value that is transmitted by sponsoring in F1.
 - Increase the perceived value of the brand's products.
 - Increase credibility, Notoriety.
 - Visibility (branding - Coca-Cola case to continue to be seen).
 4. What are the risks of sponsoring in Formula 1?
 - If it's a specifically Spanish brand (targeting a Spanish market) and f1 only has one race in f1 it might not make much sense to sponsor.
 - Appearance of brand sponsorship filtering.
 - Risks associated with the behaviour of the drivers, and the teams.
 - Risk that if someone dies or comes out with a lot of very serious injuries it could tarnish the image of a brand.
 - Misinterpretations in broadcasts or social media or even in the Netflix series (drive to survive) for situations of racism/xenophobia.
 - Not achieving the desired results of visibility, notoriety, lack of alignment between brand and sport.
 5. What are the main results of Sponsoring in Formula 1?
 - Positioning, perceived value position (increase).
 - Brand awareness.
 - Visibility, brand visibility time.

Pedro Abacassis CEO Total Energias (ex-ELF sponsor of F1)

1. What motivates companies to invest and sponsor in Formula 1?

- Companies seeking image, image dissemination and notoriety.
- Companies that are very involved with technology, involvement with sport, seek notoriety by association with the peak of technology in sport.
- Evaluate the media and see the fit between the company and the sport and whether the sport would meet their needs and objectives.
- Product testing (testing your products and your product innovations in sport and being able to help prove to your customers the quality and give some assurance that the product works).

2. What differs sponsoring in Formula 1 to sponsoring in other sports?

The impact of different sports if your image fits with that sport by the target audience.

Example REMAX luxury makes sense to sponsor golf (customers with money).

3. What are the main objectives defined by the companies when they sponsor in F1?

- Communication strategy: Expand or grow the business.
- Increase sales through marketing, promotional campaigns or press advertising.
- Reach potential customers, give assurance to current customers.
- Brand recognition, awareness.
- Networking
- Associate the image of the peak of F1 technology with the company.
- Means of customer loyalty

4. What are the risks of sponsoring in Formula 1?

- Company does not have the capacity to leverage sponsorship.
- Not organized or able to translate sponsorship into results.
- Not publicizing the image enough so the company ends up not getting the public to identify or understand who the company is, what they do.
- (Need to do parallel campaigns for the public to associate the products with the image they are trying to create with the sponsorship).

- Sponsoring a car that does not finish many races in a season and has several reliability failures could be negative publicity in which brands could be seen as unreliable as well through association with the team.

5. What are the main results of Sponsoring in Formula 1?

- Business growth.
- Image awareness as a means to increase sales.
- Increasing profitability.
- Image association.
- Networking.
- Customer loyalty.

José Luís Abreu Jornalista Revista Autosport

1. What motivates companies to invest and sponsor in Formula 1?

- Achieve global exposure, huge fan base, vast, diverse, different countries, and continents.
- Brand association, high yield/performance.
- Unique experience for customers, people feel almost unique to be able to experience this kind of situation.
- B2B networking.
- Test products, one of the best products to achieve these results, or prove to customers its quality.
- Gaining brand awareness (Branding).
- Subaru example with Rally.
- Leverage the F1 fan base databases to do targeted marketing to the end customer they are interested in.
- Achieve innovation by having to develop more efficient products and be seen as innovators in the marketplace.
- Association with the prestige and glamor of F1.

2. What differs sponsoring in Formula 1 to sponsoring in other sports?

Global exposure, few sports reach as many countries and as many continents.

The amounts of money involved in the world of F1, through the association of image with other companies.

3. What are the main objectives defined by the companies when they sponsor in F1?

- Brand association with the image of F1, high competition, technology, spectacle.
- Using F1 as an advertising and marketing platform.
- Benetton became known as a clothing brand because it had an F1 team in the 1990s.
- Increase sales.
- Notoriety.
- Grow in different markets.
- Solidify its market position and establish itself as a leader.
- Achieve a kind of quality stamp.

4. What are the risks of sponsoring in Formula 1?

- Paying too much in a business and not being able to get benefits that compensate them.
- Or the case of Mercedes who won everything 7/8 years ago and a sponsor who invested at that time possibly had to spend more and then the following year stop winning so much and end up having less visibility than expected.
- Scandals with drivers, brands, or even copying other teams can have negative repercussions for brands.

5. What are the main results of Sponsoring in Formula 1?

- Brand awareness (where brands are among the most well-known and memorable).
- Increases in sales.
- Almost exponential growth in the market area that is exposed.
- International market growth.
- Customer loyalty.
- Networking for future business.
- Market positioning of brands and companies (increase the perception of value that companies offer).
- Memorability of the company (case of DHL).
- Increased digital presence of the brand.

Guilherme Von Cupper – CEO Berlin Sports (Football Agency)

1. What motivates companies to invest and sponsor in Formula 1?

- Growing interest in sponsoring global sports, if the company and level of investment is less restrictive (e.g., gymnastics equipment makes more sense to sponsor the specific sport gymnastics).
- With the emergence of Netflix and Drive to Survive, attracting a global audience, following the social media phenomenon and the growing number of followers on the different platforms.

2. What differs sponsoring in Formula 1 to sponsoring in other sports?

- The world of soccer, considered the most global sport, has greater accessibility for young children to feel they want to be soccer players than F1 drivers.
- The world of soccer has more controversies, on the contrary F1 and golf are very correct sports and with a different prestige, which for a brand can bring greater security and transparency.
- Difficult to reach the visibility of stars like CR7, Messi, and Neymar.
- But sponsors can choose to bet on this growth so that in the future they can follow this trend in the world of F1.

3. What are the main objectives defined by the companies when they sponsor in F1?

- Image association, lifestyle.
- Influencers of brands, by what they consume (clothes, drink, food).
- In F1 elegance and prestige.
- Neymar is present in more polemics which gives more of a rebel image which may be negative for some brands, but it may be an opportunity.

4. What are the risks of sponsoring in Formula 1?

The brand does not dominate the activity of the team or the athlete 100%, someone may be committing a crime, or even be involved in a controversy and this may bring negative connotations to the brand.

If the company has financial problems, or an athlete is accused of raping someone or something, it could be a problem to sponsor them if the brand is not that established.

5. What are the main results of Sponsoring in Formula 1?

- Notoriety, awareness (UNICEF sponsoring so people can help or donate)
- Increase sales.

- You want to associate yourself with something, find connotations for the brand and bring those associations to the company.
- Qatar airways or Emirates, trust that company, offer them security.
- Red bull (Rebel) has fast and rebel pilots.
- Bring new experiences to your customers or to make new contacts (networking).

Bettina Cornwell – Professor at OREGON, author of Sports management articles and books.

1. What motivates companies to invest and sponsor in Formula 1?

- Getting to the right/particular demographic, meet other businesspeople (b2c/b2b consumers) networking.

2. What differs sponsoring in Formula 1 to sponsoring in other sports?

- Different demographics, lifestyle, and personal likes.
- Technology, competitive worlds.

3. What are the main objectives defined by the companies when they sponsor in F1?

- Demonstration, awareness, image.

4. What are the risks of sponsoring in Formula 1?

- Risks associations with big oil companies (environmental problems).
- Climate problems.
- Cheaters and bribes.
- Illegal scandals

5. What are the main results of Sponsoring in Formula 1?

- Become known, memorialized.
- Related to the high-profile.

Rodrigo Monteiro – Engineer Red bull Racing

1. What motivates companies to invest and sponsor in Formula 1?

- Associated their image with all things extreme sport.
- Mercedes - Sell cars, prove their quality (Rumour that when they win a car the week after they sell a lot more cars).
- Profitable business (Income vs outcome) worth a lot.
- Brand awareness.
- Visibility.

2. What differs sponsoring in Formula 1 to sponsoring in other sports?

- Reaching different markets, target audiences.
- Compared to soccer, F1 the public has more economic power, a greater education.
- You can see a soccer match for 20-50 euros and in F1 it's not like that.
- The economic level of the fan base is higher in F1.
- In F1 it brings us almost a proof of our competence in making cars and because the technology can be trusted.
- Getting there.

3. What are the main objectives defined by the companies when they sponsor in F1?

- It depends on the companies' markets.
- Red bull - Break records/limits as in all sports they do.
- Increase brand awareness, have a young image (invest in young talents).
- Ferrari - Defend image and status as a brand, racing DNA.
- Mercedes - Achieve higher sales and prove their reliability in their cars.
- Haas - To make the brand known, but also because the owner loves the racing world and for personal taste.

4. What are the risks of sponsoring in Formula 1?

- Financial risk - a lot of investment for what you get out of the investment/sponsorship, either by lack of sporting results or business results.
- Brand image is the drivers and the team - The case of Mazepin, Russian driver who had bad behaviours outside the sport, which can damage the image.
- Something illegal that the team did can always damage brands' images.
- Dying a driver in a brand like Renault/Ferrari/Mercedes as they are car manufacturers ends up having a negative image because it can be a reason for the media to mention that it can happen in the cars they sell to the public.

5. What are the main results of Sponsoring in Formula 1?

- Increase sales.
- Achieve greater brand awareness.
- Reach a different range of professionals (greater engineering experience that can be used in other projects).
- Financial returns.
- Reaching certain markets.
- Networking.

Ricardo Teixeira -F1 Expert Host & Racing Driver

1. What motivates companies to invest and sponsor in Formula 1?

- Brand exposure and awareness (media exposure).
- Memorability.
- Business bridge for B2B, possibility to bring customers or prospects to close deals.
- Growth in different regions or countries.

2. What differs sponsoring in Formula 1 and in other sports?

- One of the most talked about sports nowadays, due to the greater openness of the backstage (Netflix show and Forbes).
- More airtime during the GP weekend (Thursday to Sunday) where from Friday we have 3h per day of cars on the track.
- Synergies of knowledge + celebrities + VIPs.
- Image association with this standard of living and lifestyle.
- Direct contact between partners in the paddock club.
- On-track activities to help create connections with other people or customers.

3. What are the main objectives defined by the companies when they sponsor in F1?

- Increase sales, increase awareness, reach more customers for B2C and B2B.
- Minimum of 4 races to have branding in F1. Pay another X to appear on the F1 website. And pay another X to be advertised as an official F1 sponsor.
- Brand exposure, increase the range of customers, reach different regions/countries.

4. What are the risks of sponsoring in Formula 1?

- Financial risk of investing too much money and not being able to get a sufficient return.
- Creating financial instability for a company by not being in the F1 world long enough to be remembered.
- Controversy for the business side when the team or f1 does something that is frowned upon in the public eye.
- Controversial opinions or less positive behaviour.

5. What are the main results of Sponsoring in Formula 1?

- Exposure/Visibility.
- Increased awareness.
- Increased perception of value.

- Increase Credibility and perceived customer trust.
- Business growth for B2B.
- Increase sales.

Nuno Trigueiros – Empresa de desporto motorizado

1. What motivates companies to invest and sponsor in Formula 1?

- Additional (added) promotional value with the sponsored.
- High growth of young audience (consumers) to bring return.
- Look for brand activations with differentiated experiences.
- Being in F1 is not any company can be there, product / service differentiation and communication.

2. What differs sponsoring in Formula 1 and in other sports?

- Target market depends on location.
- In soccer mass betting, public more generic.
- F1 systematizes customers differently, allows more segmentation.
- Networking - bring customers the experiences with the teams to get new customers from different countries.
- Create a top-of-mind association with the sport.
- Meet drivers, mechanics, strategies.
- Events so big that you don't need to advertise something, but just to be associated with the greatness of the event that end up bringing people and companies of high prestige.
- Greater exclusivity.

3. What are the main objectives defined by the companies when they sponsor in F1?

- Depends on the market of the company whether it is b2b, b2c.
- Salesforce (CRM)- their goal is networking, they became a sponsor of F1 in general instead of a team, increase business.
- Top of mind - increased awareness.
- Reach X continents and X countries.
- Increase number of clients, and the line of business.
- Increase sales more by consequence (not specifically promise this goal) through communication programs and brand activation.

4. What are the risks of sponsoring in Formula 1?

- Environmentalist - they will always be against this sponsorship.
- If F1 makes strategic mistakes with future bets (e.g., changing cars).
- Image risk of but attitudes of drivers, or teams.
- Financial risk - if there is investment over return, it could become a problem.

5. What are the main results of Sponsoring in Formula 1?

- Increased worldwide brand awareness.
- Brand activation that few sports can offer.
- Customer loyalty.
- Increased sales.
- Networking.
- Partnership.
- Building relationships with companies and people.
- Fan sports - when people like it they are really interested.
- Long-term thinking with a good strategy can become unforgettable.
- Case of Banco Nacional (Brazil with Ayrton Senna - even though the bank has already closed everyone still remembers the brand and walks around with hats at events).

Chris McCarthy – Comentador/ Apresentador F1 / 24h lemans / Eurosport

1. What motivates companies to invest and sponsor in Formula 1?

- Growing speed (very quick).
- Drive to survive brought a lot of young fans.
- Max Verstappen brought a whole country as fans (Netherlands).
- 2021 as a great championship going to the last lap of the last race brought a lot of new audience.
- Social Media.
- Great Platform – F1 TV.
- To promote yourself.
- F1 doing campaigns to get better environment decisions.

2. What differs sponsoring in Formula 1 and in other sports?

- Travelling circus go to everywhere.
- Building an international experiences/audience for the companies

- Valuable for companies as comparing with NBA or NFL or even champions league you only get to low number of locations.
 - Different audiences and getting different targets.
3. What are the main objectives defined by the companies when they sponsor in F1?
- Bringing attention to their products Visibility/Awareness.
 - Increasing sales consequently.
 - Appealing and image association.
 - Higher Recall (be remembered).
 - Bringing b2b – inviting big clients and generate business leads and deals.
 - The attention that the stars who go there to visit f1 bring even more views and more fans.
4. What are the risks of sponsoring in Formula 1?
- If the team loses or comes last a lot of the time, you have less visibility, and it can be frustrating.
 - Sponsorship is expensive.
 - Controversial team and drivers.
5. What are the main results of Sponsoring in Formula 1?
- Awareness.
 - Biggest circus in the world (travel everywhere).
 - Netflix series background offer.
 - Biggest viewership.
 - More teams in the future.
 - Very trendy.
 - Changing every year so it is always enthusiastic.
 - Environmental bets.

Brad Zimmerman – Marketing Director & Motorsports Partnerships Pratt Miller

1. What motivates companies to invest and sponsor in Formula 1?

- B2B or B2C.
- Global sport – Larger advertising budgets – F1 makes a lot of sense.
- Worth compared to other types of the media (30s on broadcasts for example).
- Leverage on personalities.
- Logos on cars.

- Align with lifestyle (luxury brands).
 - Fans from different classes now not only high class.
2. What differs sponsoring in Formula 1 and in other sports?
- The ability to create differently.
 - F1 owns all the rights in the racetrack.
 - Different channels.
 - For example, NBA – Lakers for only a patch on the jersey and pay extra to activate the sponsoring.
 - Easier to proceed from viewing to action in a motorsport sponsorship - seamless.
 - Working to make that happen.
 - Sales Funnel.
3. What are the main objectives defined by the companies when they sponsor in F1?
- Depends on what they want to get out of it.
 - Brand recognition.
 - Feel inclusion inside the company – more integrated using a sport to unify the workers.
 - Awareness.
 - Creating B2B and networking possibilities.
4. What are the risks of sponsoring in Formula 1?
- Risks of athletes doing something stupid – controversy
 - The need of open communication to know what they can and cannot do.
 - Knowing your audience.
5. What are the main results of Sponsoring in Formula 1?
- Raising recognition, awareness.
 - Brand affinity.
 - Sales consideration.
 - Sales increase.
 - Regional impacts where the GP are.
 - Social media growth.
 - Views.
 - PR mentions.
 - Drive sales.
 - Becoming memorable.

Maria Clara – Jornalista e Editora para Car Magazine (BR Magazine)

1. What motivates companies to invest and sponsor in Formula 1?

- Increased visibility.
- Notoriety.
- Association of image with class (Branding) and prestige.
- Reach different investors (B2B).
- Being trendy for the younger public.
- Association with the lifestyle.

2. What differs sponsoring in Formula 1 and in other sports?

- The target reach of sports.
- Reaching different types of customers (know your customer)
- Different types of brands I want to reach.

3. What are the main objectives defined by the companies when they sponsor in F1?

- Visibility.
- Notoriety.
- Association of image with the personality of the team.
- Increase sales (B2C) or generate more business (B2B).

4. What are the risks of sponsoring in Formula 1?

- Controversy in sport (the case of the environment).
- The team or riders commit illegalities.

5. What are the main results of Sponsoring in Formula 1?

- Increase visibility.
- Increase followers on social networks (Tik tok, Instagram, Youtube and sometimes Twitter).
- Notoriety - Increased search for products.
- Greater perception of value.

Luis Prates – F1 Host

1. What motivates companies to invest and sponsor in Formula 1?

- Increased visibility.
- Notoriety.
- Association of image with class (Branding) and prestige.
- Networks.

- Being trendy for the younger public.
 - Association with lifestyle.
2. What differs sponsoring in Formula 1 and in other sports?
- The prestige and glamour of F1.
 - Peak of motorsports and technology (no other sport offers this).
 - Reaching target markets for the brand.
 - The experience of the event for possible clients or costumers.
3. What are the main objectives defined by the companies when they sponsor in F1?
- Visibility and Notoriety.
 - Association of image with the personality of the team.
 - Increasing sales (B2C) or generate more business via networking (B2B).
4. What are the risks of sponsoring in Formula 1?
- Controversy in sport (the case of the environment).
 - The team or riders commit illegalities.
5. What are the main results of Sponsoring in Formula 1?
- Raising recognition, awareness.
 - Reaching different markets.
 - Social media growth.
 - Networking.
 - Becoming memorable.
 - Return on Sales.

4.1 Content analysis of the interviews

In the previous chapter on methodology, five objectives were outlined and had to be addressed when analysing the interviews. Understanding the different reasons companies decide to sponsor in Formula 1 was the initial objective. From this point forward, the different research questions will be analysed with the answers collected on the interviews to understand if the statements could be proved or not.

1. A brand's notoriety influences the desire to sponsor in Formula 1.

Most of the interviewees mentioned that one of the main reason companies want to invest or sponsor in Formula 1 is exactly because of the notoriety that the sport can offer for a brand.

Even though the areas of the companies that decide to sponsor can be very different, this desire to increase brand notoriety seems to be common for almost every one of them. Companies and their brands want to be memorable, and Formula 1 offers one of the best platforms to achieve that, with the attention each Grand Prix offer. Formula 1 as a sport, with their teams and their pilots provide a very interesting and well-developed platform for sponsors as some of the interviewees mentioned that F1 is exceptionally organized to provide different platforms to publicize and reach the fans, which helps companies achieve one of the main reasons they decide to sponsor.

Interviewees referred that Formula 1 helps achieving notoriety by building a brand recognition, via the stickers they place on the cars, merchandise, their presence in social media and the broadcast time that the sport has. With the appearance of the Drive to Survive show it helped rejuvenate the viewership of the sport making it easier for people to follow the background stories that every GP has, the discussions, the personal life of some pilots and team principals. This new series helped captivating the attention of younger audiences, as F1 used to have an older audience this show helped disrupt this traditional idea that F1 was for old rich people to enjoy.

This way interviewees stated that the sport offered an attractive platform to companies to build reputation that will in the end help increasing brand awareness and notoriety. One example mentioned by the interviewees was that for example Mercedes with F1 they show they are the pinnacle of innovation, they are reliable as their cars don't usually have many problems during the races, doing this over and over during the year GP after GP this helps creating the belief or the concept in people's mind that Mercedes are reliable and are for winners as they won 8 consecutive constructors titles between 2014-2021.

2. Sponsoring in Formula 1 helps increase the perceived value of a brand.

Regarding the perceived value of a brand, some of the interviewees brought up that Formula 1 provides a very distinguished attribute for the companies who sponsor in the sport, the attribute is that Formula 1 is easily associated with exclusive, luxurious lifestyles, high fashion, and being the best of the best as the sport is very restrict as there is only 10 teams, 20 pilots and 20 cars each year.

The responders referred that even the companies that decide the sport most of the times are companies that represent exactly those type of lifestyles like top watch manufacturers (Richard Mille, Rolex, IWC, TAG Heuer among others), a lot of alcohol and tobacco companies used to

sponsor the sport and nowadays there is a lot of interest from brands from the fashion world (Tommy Hilfiger, Hugo Boss, Louis Vuitton in the Monaco GP, etc).

The interviewees mentioned that the sport always had a high-end perceived image, this created a desirability to be present in the sport, some brands even accomplish loyalty from their costumers as they sell exactly the lifestyle that their buyers identify themselves with. This happens with brands like Rolex, Ferrari, TAG Heuer among others, as a lot of their range of products are based on the F1 racing world, with an DNA of excitement, passion, sportive and highly fashionable.

The public perception is one the key factors for the success of the marketing of the sport, because brands that have a target markets to reach this type of costumers have a platform to help them justify why they are exclusive and luxurious, while others can increase their perceived value as they start to get associated with the image of the sport and of all the sport stakeholders.

3. Sponsorship in Formula 1 provides a differentiation market positioning.

In accordance with the previous point, most of the interviewees referred that the sport offers a possibility for the companies to position themselves differently in the market. The possibility to be associated with this exclusive niche which has an image of being the best in the world, with the difficulty that is to reach F1 and considering that F1 is the peak of the motorsports, the peak of the technology in the sports world and what better platform to showcase their capabilities to create new technologies, to show case their reliability and their capabilities to perform under pressure as everything is so detail-oriented and everything has to be sharpened to the point you can perform better than the other F1 teams, the interviewees mentioned that this is an excellent opportunity for both car manufacturers, technology developers and even associated products to create a link between the company and associated image of the sport.

They also referred some examples of it as teams like Ferrari, Mercedes, Alpine and Audi (which is entering the sport soon) use this platform to show what they capable of in terms of car development, new implementation of technologies in the car industry, as most of the upgrades or improvements come from F1 cars to make their selling ranges more efficient and more reliable. Another mentioned examples were the cases of lubricants and fuels manufacturers like Petronas, Aramco, shell, elf (now total energies) among others for the same reasons as of car manufacturers, and in the technology world there some of the mentioned names were Oracle, CrowdStrike, Microsoft, Amazon, etc. as they showcase their capabilities

to perform under pressure, to deliver top technologies for the teams to collect, store and use data from their cars to improve their performances to beat their competition and reach higher rankings.

4. The possibility of networking influences wanting to sponsor that sport.

According to the interviewees that have the most connection with the sport this is a huge factor for companies to sponsor in F1, the interviewees who directly with the sport mentioned that the sport is organized specifically in the Paddock to offer an environment with different types of experiences and entertainment that promotes networking and conversations between companies and people who have big responsibilities inside companies.

This factor is important and one of the main fundamentals for companies to decide to sponsor in F1 instead of other types of medias like Radio, TV commercials or even banners inside cities, this consideration is impactful for companies who are looking to grow as they have the chance to find new partners, reach new costumers or even find new suppliers.

The possibility for networking inside the paddock, according to the interviewees help companies have business conversations outside of the formal business “world” this facilitates creating a connection outside of the business, in some way that can lead to creating a better reputation as you develop relationships with clients and suppliers that transcend the common goals of each other of getting better deals or generating business, as an effect the company can have a better support network and sometimes it can even sometimes lead to have a better reputation as the world of mouth might share an good opinion of you between known people and then that can lead to generate more opportunities.

5. Formula 1 offers the possibility to become global.

Most of the interviewees mentioned that this is one of the main motives for sponsors to choose F1 instead of other sports, as Formula One offers the possibility to be present in almost every continent apart from Africa.

Formula one has grown since 1950s to be the most popular type of motor racing, with the appearance of the TV show Drive to Survive it also helped rejuvenise their image and impulse their viewership. The sport used to be more known in the Europe than in the rest of the world, but it has changed the sport has become widely popular in Asia and America which offers a great opportunity for sponsors to become global or to target specific races for their interests.

The interviewees referred that F1 compared to other sports like the NBA, football (without the exception of the champions league) offer the possibility for companies that want to target different locations to reach different locations and increase outside of their traditional markets.

For example, for a sponsor who decides to sponsor in the NBA they understand that their main market will be the USA and the Americas location. In football when a company decide to sponsor a club, they will be very much limited to the country where the club is located, this offers again a differentiation factor for F1 as it is possible to choose to sponsor the sport itself, the pilots, the teams (where you will be present in all of the races) or one specific GP this variety gives the sponsor the chance to achieve their specific objectives in an interesting and well-defined way.

5 Conclusions

The purpose of this study was to better understand the various reasons that take companies to invest in the sport and the results that can be obtained by sponsoring in Formula 1. The different motives for the sponsor were researched to have a better understanding of what different type of companies might be looking for with the investment.

The findings revealed that the reasons, objectives, types of activation of the sponsor might change depending on the companies desired results.

In this way, it was developed a semi-structured guide for the interviews, in order to understand the different opinions of the people that have some connection with the area or the sport itself.

First it started with a more generic point of view of the different motives that companies may have to invest in the sport and then more in detail regarding the different aspects that differ Formula 1 to other sports, if there are some risks for the companies and what may be the results of the sponsorship in F1.

The main objective of this study was to understand the main reasons for companies to decide sponsor in Formula 1, and some conclusions were possible to reach.

Sponsoring in F1 is highly desirable for a lot of companies as the cost-benefit is very interesting compared to other types of medias.

As the sport offers a very attractive platform with a huge coverage, racing in 4 out of the 5 continents, and the attention every GP gets compared to other sports is beneficial for the companies that sponsor in Formula 1 compared to other sports.

The principal reasons for companies to invest in the sport is the visibility the sport offers, the platform they provide as they have a big presence in the digital channels like social medias, websites, podcasts, blogs, etc..., being global as there a very few “instruments” for marketeers to reach as many countries as F1 can, the image association and the networking possibilities.

Regarding the initial objectives of the study were to understand the different motivations, reasons, and points of interest for companies to invest and sponsor in Formula 1, what differs between sponsoring in Formula 1 and other sports, what are the risks of sponsoring in F1 and what are the main results that can be obtained by sponsoring in F1, but also to understand how the sponsorships programs work on the sports world.

In that aspect the study achieved most of the objectives outlined previously as the resulted pointed out different reasons why companies might want to get involved with F1.

In my opinion the study goes in accordance with the literature review done previously as a lot of the reasons for why companies sponsor where mentioned by almost all of the interviewed and it was possible to create a “range” of standard motives why companies look to invest or sponsor in Formula 1, the main motives founded were:

- Notoriety, world widely exposure helping brands become global.
- Networking (easier way to bring business, B2B).
- Brand image, being associated with one of the top exponents of motorsport, with high technology and high performance.
- B2C throughout the assimilation of the other motives.
- Worth compared to other types of the media (30s on broadcasts or televisions for example might be as expensive as sponsoring).
- Leverage on personalities.
- Align with lifestyle (luxury brands or brands that want to capitalize on the sport image).
- Widely target markets (fans from different classes now not only higher classes).

In terms of what differs formula one to other sports is that as formula one operates in a 4-day event it helps to generate more attention or “buzz” for the event, as on Thursdays the drivers

and teams assemble the cars have the public relations duties (interviews, marketing events, among others) , on Fridays the teams have the free practices where they can start to test and calibrate the cars for the qualifying on Saturday and for the race on Sunday, on Saturdays the viewership starts to increase as the main events start to happen, on the morning the teams have the last free practice to prepare the car for the qualifying which occurs on the afternoon. The race occurs on Sunday usually after lunch time. This 4 day event helps brands to get more tv time, which offers more viewership, brand awareness, and more attention on social media which also provides for brands different types of activation throughout the creation of different type of contents this might help creating more connection with the target audience and image association with the sport as the companies that sponsor will be recognised via the association that F1 provides (as mentioned in the literature review).

Beyond this, F1 also offer a paddock which is very attractive for sponsors because of the type of people who visit and frequent the different races, there a lot of directors, commercials, actors, influencers and among others, that offer the possibilities of networking with high influence people. With my interviews I have discovered that F1 is very organized to take advantage of this opportunities, as they create a lot of exclusive events to help break the ice, creating some relationships and for people to get to know each other with some topic of interest outside of the “business” world.

One important topic is that sponsoring also have risks and companies need to be aware of it so they can be prepared to mitigate the risks in case something happens, in this study it was understood that the main risks of sponsoring in F1 were:

- If the sport, team, or pilot were associated with some scandal, this could be associated with illegality, fraud, tragic accident, or even bad comments from anyone involved within the team that the company is sponsoring.
- If the fees for the sponsorship don't compensate for the rewards the company or the brand can receive.

In my opinion Formula 1 makes a lot of sense for companies who have the financial backing to do so and want to aim to be leaders in their markets, as F1 offers you an excellent deal in terms of viewership, it's also a platform for you to prove yourself as a partner who is able to help a team and to strive under pressure. The sport offers the companies/brands the rewards with becoming associated with the image of the sport (which can be different for every industry and company), becoming easily recognizable and memorable.

6 Research Contributions

As this thesis was a dissertation, the results and conclusions can be useful for future studies in the topic.

Through the study and with the analysis, it was possible to understand the different opinions of people that have contact with the sport and with sports marketing. With the analysis of the interviews, it was understood what the main motives companies are look for when they decide to sponsor in Formula 1, why they choose to sponsor Formula 1 instead of other sports or even other types of medias.

It was understood how Formula 1 uses his strengths and organizes the ecosystem of platforms to make it as attractive as possible for companies and brands, that is why formula one has interest from various industries.

7 Research Limitations

In terms of limitations of the study, the first one was related to being only qualitative, having a quantitative study could help find some statistics or correlations that could justify better the different motives.

Another limitation of the study was it only reached 20 relevant interviewees, it could be beneficial to have a bigger pole of interviewees to find more and diversified opinions.

8 Prospects for future research

As stated below, the theme of this thesis may take other forms and act as a guide for subsequent research:

- Extend the study for the different industries, as for some areas the sponsorship might make more sense than others and find the specific motives and results achieved for each industry.
- Analyse and conduct a quantitative research to find statistics and insights on the returns on the investment thought sponsorships in F1.
- Examine the impact of F1 sponsorships on different types of sponsors, such as B2B companies, B2C companies, and non-profit organizations.

- Develop a new model for evaluating the effectiveness of F1 sponsorships.
- Nonetheless, if someone get interested in it could be important to continue the analysis of the present thesis, by studying this theme with other factors and giving in another point of view.

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