2008

A process model of small and medium enterprise sponsorship of regional sport tourism events

Matthew James Lamont
Southern Cross University

Ron Dowell
Southern Cross University

Publication details
The definitive publisher-authenticated version is available online at http://online.sagepub.com, http://dx.doi.org/10.1177/1356766708090586
A Process Model of Small and Medium Enterprise Sponsorship of Regional Sport Tourism Events

Dr Matthew Lamont*
Associate Lecturer
School of Tourism & Hospitality Management
Southern Cross University
PO Box 157
LISMORE NSW 2480
Australia
Telephone: +61 2 6626 9428
Fax: +61 2 6620 3565
Email: matthew.lamont@scu.edu.au

Mr Ron Dowell
Lecturer
School of Tourism & Hospitality Management
Southern Cross University
PO Box 157
LISMORE NSW 2480
Telephone: +61 2 6620 3926
Fax: +61 2 6626 9155
Email: ron.dowell@scu.edu.au

(∗ indicates corresponding author)
AUTHOR BIOGRAPHIES

Matthew Lamont is a PhD candidate affiliated with the Australian Regional Tourism Research Centre at Southern Cross University, and also the Sustainable Tourism Cooperative Research Centre. Matt's research interests include special interest tourism, regional tourism issues, and sports tourism. He is currently undertaking his PhD into bicycle tourism as a vehicle for enhancing destination competitiveness.

Ron Dowell Ron Dowell is lecturer and Sport Tourism programs co-ordinator at Southern Cross University. He holds a Masters degree in Tourism Development and a Graduate Diploma in Organizational Development and Change. Ron has extensive management experience as a Human Resource Manager, industrial relations practitioner and organizational change consultant having worked in areas as diverse as mining, manufacturing, pipeline construction, small business, finance, public transport and tourism. Ron's research interests include sport tourism, tourism in the Asia Pacific region, tourism development and employment relations.
ABSTRACT

Keywords: Sponsorship, Sport tourism, Event sponsorship, Regional tourism

Small-scale sport tourism events have been adopted by many regional communities as an economic diversification strategy in response to global pressures such as industrialization and urbanization. In many instances, sponsorship provided by small and medium-sized enterprises (SMEs) is the financial lifeblood of such events. Few studies to date have paid attention to the processes underpinning sponsorship agreements between SMEs and regional sport tourism events. This paper proposes a conceptual model depicting the processes and interactions in sponsorship agreements between SMEs and regional sport tourism events. The proposed model draws upon existing literature and the outcomes of an exploratory study informed by five case studies. The results indicated that SMEs sponsored regional sport tourism events primarily for community involvement purposes, while leveraging and sponsorship effectiveness evaluation techniques tended to be unsophisticated and inexpensive to execute. It is intended that the proposed conceptual model will serve as a platform for future inquiry into this emerging field of event sponsorship.
INTRODUCTION & BACKGROUND

Sport is a social phenomenon of great magnitude which permeates numerous levels of contemporary society. At the same time the recreation and leisure market is one of the largest and fastest growing sectors of the global economy, as Stebbins (p. 24) pointed out: ‘the size of the industries serving such serious leisure fields as golf, tennis, sport fishing, and downhill skiing are hardly negligible’. Meanwhile, tourism has been suggested to be one of the most significant economic activities worldwide.

The linkages between sport and tourism have increased dramatically over time and mutual benefits to both fields have become evident as the concept and practice of sport tourism has developed. Sport is a tourism generator and the economic benefits associated with sport tourism include construction or renovation of facilities, employment generation, cultural exchanges, regional awareness and commercial activity, be it tours, attractions, resorts or events. Sport tourism also provides opportunities for all levels of society to work together toward a common goal, particularly organizers, promoters, volunteers and entrepreneurs.

Sport tourism is an emerging tourism niche market recognized as having the capacity to draw visitors to a city or region. Subsequently, sport tourism has increasingly being incorporated as a key component of many economic development plans at regional and national levels.

Often sport and tourism are linked through ‘hallmark events’, which are characterized by their large scale and synonymous tie with a particular geographical location such as the Melbourne Cup, Oktoberfest in Munich, and the Kentucky Derby in the USA. At a regional level smaller participative events have an advantage in that they offer high benefit to cost ratios because they can be comparatively inexpensive to host while attracting large numbers of people to a city or region. This characteristic makes such events particularly attractive to
smaller communities that lack the infrastructure necessary to host large-scale events.

Tourism, along with hosting small-scale sporting events that attract visitors from outside the host region has become increasingly popular with regional communities in recent times.\(^6_{,}\)\(^7\) Small-scale sporting events have demonstrated an ability to generate a range of benefits for the host community such as injecting new money into the local economy through visitor spending, smoothing of seasonal peaks and troughs in demand for tourist facilities (such as restaurants, accommodation properties and attractions), and facilitating repeat visitation.\(^8\)

The success of sport tourism events is highly dependent upon the ability of event organizers to meet costs associated with staging an event such as marketing, infrastructure, human resources and insurance. Revenue to meet these costs is often drawn from sources such as participation fees, merchandising, fundraising and corporate sponsorship.\(^9\)

Sponsorship has frequently proven to be the source of revenue that provides the ‘financial backbone’ for many events. Sponsorship is often regarded as a key requirement for an event of any type to be successful with numerous authors agreeing that sport tourism events are the most prevalent form of sponsorship investment amongst large corporate organizations.\(^10\)-\(^13\)

Small and medium-sized enterprises (SMEs) are extensively involved in the sponsorship of sporting events at the regional level, yet the sponsorship involvement of SMEs with regional sport tourism events has been largely discounted by the academic community to date.\(^14\) Previous studies investigating event sponsorship have tended to focus mostly on large organizations engaged in expensive, highly formal sponsorship arrangements\(^15\) and have tended to utilize mostly quantitative methods. This paper reports the outcomes of an exploratory study which investigated the sponsorship objectives of SMEs, sponsorship leveraging and evaluation processes, and initiation of sponsorship agreements in an SME and regional sport tourism event context. The primary purpose of this paper however, is to propose a model of the processes and interactions that occur within regional sport tourism
event sponsorship arrangements with SMEs, as a contribution to developing theoretical understanding of regional event sponsorships.

**DEFINING SPONSORSHIP**

Sponsorship as a concept has yet to be authoritatively defined, however existing literature suggests that in order for an agreement to be considered ‘sponsorship’ it should exhibit several characteristics. Such characteristics include an exchange of resources between two parties$^{16,17}$, with the exchanged resources being of value to the reciprocating party$^{18}$. An agreement should also yield mutual benefit, often of commercial value to both parties$^{19,20}$.

As sponsorship has evolved over time, a shift in business attitudes has occurred in which sponsors have moved away from underwriting causes (be they sporting, cultural or artistic) for philanthropic purposes and have become increasingly motivated to facilitate their bottom-line through sponsorship$^{21,22}$. Stotlar$^{23}$ (p. 98) reinforced this notion in describing contemporary sponsorship as ‘clearly and rapidly moving away from rationale based on social responsibility and obscure conceptions of image enhancement to more purely definable business motives’.

Sponsorship may take the form of a cash payment, or the provision of ‘in-kind’ products or services to an individual, cause or event$^{24}$. The provision of in-kind sponsorship has been described as ‘the payment of some or all of the fee in products and/or services in lieu of cash’$^{25}$ (p.153). Thus an example of in-kind sponsorship would be a waste collection company providing waste collection services to an event free of charge, in exchange for being granted signage or advertising opportunities at that event.

Given the event context under which this study took place, the definition selected to guide the research was that of Sandler and Shani$^{26}$. This definition pertained specifically to an event
framework, and delineated sponsorship as:

The provision of resources (e.g. money, people, equipment) by an organization directly to an event or activity in exchange for a direct association to the event or activity. The providing organization can then use this direct association to achieve either their corporate, marketing or media objectives.\(^\text{27}\) (p. 10).

Sponsorship spending in the private sector has demonstrated a steady growth in comparison to other marketing communication mediums such as advertising and sales promotions. Sponsorship market research agency IEG (cited in Gee\(^\text{28}\)) recently reported that worldwide sponsorship expenditure reached US$28 billion in 2005, which represented a 25% increase from the US$24.4 billion spent on sponsorship during 2002, demonstrating sponsorship’s increasing status within the modern marketing mix.

**EVENT SPONSORSHIP**

All events require a source of initial revenue in order to achieve solvency and become viable. Sponsorship has also been positioned as a central element in creating a favourable image in the eyes of the consumer. Turner\(^\text{29}\) (p. 2) argued that as a society we ‘have been programmed to judge any unsponsored event or activity as second-rate and of little significance’.

Revenue to fund the staging of an event can stem from a range of sources, such as the eight sources of event revenue identified by Allen et al.\(^\text{30}\) (refer Figure 1). Of all streams of revenue available to any given event sponsorship is often the most significant source of income. Sponsorship industry newsletter the *IEG Sponsorship Report*\(^\text{31}\) reported that on average 43% of any given event’s budget is comprised of sponsorship revenue. This claim was reflected in Olympic Games literature, which reported that
approximately 40% of revenue to fund each Olympic Games is sourced through corporate sponsorship.

**INSERT FIGURE 1: EVENT REVENUE SOURCES**

Events and sponsorship are highly complementary. Crompton\(^{34}\) pointed out that both parties involved in an event sponsorship agreement (i.e. the event and the sponsor) exhibit intrinsic needs that are able to be satisfied by entering into a sponsorship agreement with one-another. That is, an event requires financial investment to fund its staging, whereas a business may seek increased brand awareness or hospitality opportunities through which it may entertain valued clients. Through a sponsorship agreement, the sponsor and sponsored are able to exchange resources on a reciprocal basis, yielding mutual benefit to both parties.

**CAPITALIZING ON THE INVESTMENT: SPONSORSHIP LEVERAGING**

Many sponsorship researchers agree that the purchase of a sponsorship property alone is ineffective in achieving marketing objectives\(^{35-37}\). A practice known as *leveraging*, in which additional funds are invested in concurrent promotional activities designed to capitalize on a sponsorship investment is widely advocated by authorities in sponsorship. Sleight\(^{38}\) pointed out that failure by a sponsor to effectively capitalize on a sponsorship investment may lead to the arrangement yielding little in return:

> It is a rare sponsorship indeed that can provide anything more than a temporary effect on these factors [changes to image, brand awareness] unless run over a long period and supported by all the communications tools at the marketer’s disposal to supply the continuous reinforcement that these factors require\(^{39}\) (p. 82).
Methods of leveraging a sponsorship include the production of merchandise associated with the sponsorship property; use of a property’s image or personnel in themed advertising; and the distribution of point-of-sale material. In the case of NASCAR automobile racing in the USA, Corbett and Lekush observed that corporate organizations often leverage their expensive sponsorship of racing teams through media relations, public relations campaigns, on-track VIP hospitality treatment for valued clients, business-to-business promotions and new product promotion. Corbett and Lekush felt that properly leveraged sponsorships aid in reinforcing a company’s link to a driver and increases product loyalty amongst consumers.

**QUANTIFYING THE INVESTMENT: SPONSORSHIP EVALUATION**

The documented shift in the use of sponsorship from business philanthropy to benefiting the corporate bottom-line has resulted in a situation where corporate sponsors today insist upon having the effectiveness of their sponsorship investments comprehensively evaluated and quantified in order to justify their investment. Crompton described existing literature on sponsorship evaluation literature as being ‘underdeveloped’, and as such there is little concurrence regarding the ‘right’ or ‘wrong’ way of evaluating sponsorship effectiveness.

Authors such as Arthur et al. and Meenaghan recommended that the objectives which a sponsor set out to achieve through a sponsorship should serve as the basis for any evaluation. Further, such objectives should adhere to the acronym SMART: Specific, Measurable, Attainable, Relevant, and Trackable. Research by Crompton found five broad approaches that businesses took when evaluating their sponsorships, which included measuring:

1. Media equivalencies: the monetary value of media exposure obtained through a
2. Impact on awareness: changes in consumer awareness of the products and/or services a sponsor provides, resulting from the sponsorship;

3. Impact on image: changes in consumer perceptions of a sponsoring business resulting from the sponsorship;

4. Impact on intent to purchase: alterations in consumer intentions to purchase products and/or services from a sponsoring business; and


SPORT TOURISM EVENTS IN REGIONAL AREAS

The notion of travelling to participate in or to observe sport dates back to 900BC when the Greeks were observed travelling to participate in and watch the Ancient Greek Games\textsuperscript{49}. This phenomenon has been dubbed sport tourism and has emerged as a significant field of academic inquiry since the early 1990s.

Sport tourism events have been characterized as 'those sports activities that attract a sizeable number of visiting participants and/or spectators…these sport tourism events have the potential to attract non-resident media and technical personnel such as coaches and officials\textsuperscript{50}(p. 31). Sport tourism events of all sizes are capable of attracting significant numbers of visitors to a host community as many participants are often accompanied by a small entourage of family and friends. Additionally these events often attract associated media personnel and officials\textsuperscript{51}.

The term 'regional area’ was defined in an Australian context for the purposes of this study as ‘those parts of Australia distant from the major international ports of entry\textsuperscript{52} (p. iv).
Major international ports of entry in Australia are generally within capital cities, thus regional tourism was said to encompass tourism that occurs ‘outside capital cities’ (p. 4). Subsequently, sport tourism events held in regional areas were termed *regional sport tourism events*, and for the purpose of this study were defined as follows:

*Sports activities held on an infrequent basis, conducted in areas distant from major international ports of entry that attract a sizeable number of visiting participants and/or spectators to the host community. Such events also have the potential to attract non-resident media, technical personnel and other sports officials.*

According to authors such as Lane and Prosser numerous external forces have pressured many regional communities into a process of economic restructuring in which traditional income-generating activities have been replaced by alternatives such as tourism. Labour and capital leakage to urban centres brought about by urbanization and globalization has facilitated a reduction in services necessary for everyday living in regional areas such as shops, schools and transport. Subsequently a trend has emerged in which residents of regional communities are increasingly migrating to urban centres in pursuit of more prosperous employment opportunities and improved access to services.

In order to overcome the challenges presented by urbanization and globalization, many regional communities have reacted by seeking to diversify the economic activities of their region. Tourism has proven to be a popular vehicle for economic diversification, often because it is perceived by community stakeholders as a means of drawing new money into the local economy with minimal capital investment.
Sport tourism events held in regional areas may generate significant economic and social benefits to a host community. Tourist spending may result in ‘new’ money being injected into the local economy, while repeat visitation to the host region may also be facilitated. Troughs in demand for services such as eating establishments and accommodation properties may be smoothed out, thereby reducing the effects of seasonality. Employment opportunities for local residents may also result from the staging of sport tourism events in regional areas.\textsuperscript{59,60}

Regional sport tourism events are favoured by regional policy-makers because of their ability to attract significant amounts of tourist expenditure to a local economy with a relatively low capital investment. This attribute of regional sport tourism events has been attributed to their ability to be staged utilizing existing infrastructure within the host region.\textsuperscript{61,62} The Australian National Draft Sports Tourism Strategy\textsuperscript{63} identified bicycle races, triathlons and running races as examples of events that do not require specialized infrastructure to stage an event. The strategy document also suggested that once a town or region has established an event, that community then ‘owns’ the event and may reproduce the event on an annual basis thereby reducing associated operating costs. This attribute is in stark contrast to ‘mega’ and ‘hallmark’ events, which often require construction of expensive, highly specialized infrastructure, expansion of tourist facilities, and redirection of public funds away from other areas requiring public investment such as health and education services.\textsuperscript{64}

**SPONSORSHIP OF REGIONAL SPORT TOURISM EVENTS BY SMALL AND MEDIUM ENTERPRISES**

Of the many sponsorship opportunities available to the private sector, sport tourism events have proven to be the most popular form of sponsorship investment over time.\textsuperscript{65,66} IEG\textsuperscript{67}
projected that US$5.9 billion would be spent on event sponsorship by businesses in North America during 1997, of which 65% will be allocated to sports events.

‘Small’ businesses have been defined as ‘businesses employing less than twenty people in all industries except agriculture where the definition is businesses with an EVAO [estimated value of agricultural operations] of between AU$22,500 and AU$400,000’\(^6\)\(^8\) (p. 124), and medium businesses as ‘businesses employing twenty or more people but less than 200’\(^6\)\(^9\) (p. 123). Collectively, small and medium businesses are known as SMEs (small and medium-sized enterprises)\(^7\)\(^0\).

Crowley\(^7\)\(^0\) (p. 14) noted that sponsorship of regional sports events is a highly favoured communications medium amongst businesses ‘because the sponsorship of local events is much prized as an integrative medium whereby the business marries its persona with that of the local community’. Despite the reported popularity of regional event sponsorship, little research has been conducted into the managerial processes and interactions underpinning such agreements. Such paucity in research has been acknowledged by Slack and Bentz\(^7\)\(^2\) (p. 175) who noted that ‘small businesses are extensively involved in the sponsorship of sports teams and events. However, there has been virtually no examination of the rationale for this involvement’.

Studies by Mount and Niro\(^7\)\(^3\) and Slack and Bentz\(^7\)\(^4\) found that SMEs sponsor regional sports events mostly to obtain social credibility and to be seen making a contribution to their local community, as opposed to benefiting their bottom-line. SMEs have been observed by these studies leveraging their sponsorships, albeit utilizing inexpensive and unsophisticated means such as advertising, in-store displays and distribution of discount vouchers or similar. Mount and Niro\(^7\)\(^5\) revealed that SMEs frequently looked to impact on store traffic, customer feedback and the ‘success’ of the event(s) they sponsored as measures of sponsorship effectiveness.
From the existing literature on sponsorship of regional sport tourism events by SMEs it was evident that several knowledge gaps existed regarding the processes and interactions that occurs when an SME enters into a sponsorship arrangement with a regional event. Knowledge gaps included the objectives SMEs wish to achieve through sponsoring regional sport tourism events; how sponsorship agreements between SMEs and regional sport tourism events are initiated; the leveraging practices employed; and how the effectiveness of such sponsorship agreements are evaluated. As such, the objectives of the present study set out to shed further light on these areas.

METHOD

An exploratory, qualitative design utilizing multiple case-studies informed this research. An exploratory design was deemed appropriate in this instance as the lack of existing knowledge regarding sponsorship arrangements between SMEs and regional sport tourism events favoured a qualitative approach. Additionally, the need to obtain data rich in detail may not have been possible through the use of alternate approaches such as a quantitative survey.

The ability of case studies to serve as a tool of illustrating an issue and studying it with a high level of analytical detail lent support to their use in this study. Five case studies were undertaken in which the event managers of five regional sport tourism events were interviewed, along with an owner or manager of one SME that provided sponsorship to each respective event, resulting in a total of ten interviews being conducted. Cases were selected from a compiled list of events in Northern New South Wales, Australia that met prescribed selection criteria.

A variety of sport tourism events were selected to inform this research and included an ocean swim, two triathlons, a Masters Games event and a horse racing carnival. Events were
purposively selected according to two determining factors: 1) the type of sport in focus, and 2) the geographical location of the event. This purposive selection process was adopted to ensure that an adequate mix of event typologies in terms of type of sport and geographical location (i.e. coastal water-based events and inland events) were investigated.

Semi-structured interviews were adopted to examine and explore sponsorship agreements between SMEs and regional sport tourism events. Semi-structured interviews were selected as an appropriate data collection tool because of their documented capacity to elicit detailed information regarding attitudes, opinions, and values of respondents whilst allowing the researcher to maintain a degree of control over the line of questioning. Interviews lasted between fifteen minutes and one hour, with interview questions addressing perceptions of sponsorship, sponsorship leveraging and evaluation practices, reasons why SMEs sponsored regional sport tourism events, and how such agreements were managed. Each interview was tape-recorded to facilitate conversational flow of the interviews and to ensure no important comments were omitted from the collected interview data.

RESEARCH FINDINGS

SME Sponsorship Objectives

In the present study the most frequently cited reasons for sponsoring regional sport tourism events were to ‘give back to the community’ and ‘to obtain media exposure/publicity’. This finding was relatively concurrent with previous studies, which found that ‘social responsibility’ to the local community and to be perceived as a good corporate citizen were the most prevalent reasons why small businesses sponsor regional sports events. The five most prevalent objectives sought through sponsoring regional sport tourism events by SMEs
in the present study were:

1. To give back to the local community;
2. To obtain media exposure/publicity;
3. To increase awareness of business;
4. To increase sales; and
5. To attract visitors to the host community

**Sponsorship Leveraging**

It was evident that an overall lack of awareness amongst both event managers and sponsors existed regarding the need to effectively leverage a sponsorship in order to facilitate a mutually beneficial relationship. The notion of mutual benefit to both parties is key to a successful sponsorship according to the likes of Meenaghan and Sleight. Professional (paid) event managers were found to be more proactive in encouraging their sponsors to leverage their sponsorship investment as opposed to their unpaid volunteer counterparts, who were generally more lax in this area. One professional event manager however, appeared somewhat laboured in proactively encouraging his sponsors to leverage, suggesting that doing so was often perceived as a burden: ‘we don’t tell them how to do that [leverage], if they wanted to, we’d probably say yes we’ll help you…but it’s certainly our responsibility to help them’.

Methods of leveraging sponsorships by SMEs were limited to three broad areas. These methods were found to include 1) the distribution of promotional material (such as product brochures and discount vouchers for products or services) to event participants; 2) themed media advertising promoting a business’ association with an event; and 3)
conducting in-store promotions associated with the sponsorship of an event.

**Sponsorship Evaluation**

In all but one case, either the sponsor or event manager did carry out some form of sponsorship evaluation, albeit with varying degrees of rigor and depth. The evaluative techniques employed by the participants in this study were found to be mostly informal and non-systematic in nature. This was particularly the case in instances where the monetary value of the sponsorship investment was relatively low (i.e. less than AU$1,000).

Just two of the five SMEs studied aligned their evaluation measures with the businesses’ bottom-line, examining the impact on sales as the key performance indicator of the sponsorship investment. The remaining businesses looked to the amount of press coverage generated for their business to evaluate the effectiveness of the sponsorship.

The most prevalent evaluative tool amongst event managers was casual conversation with sponsors following the event. In many instances, event managers met with sponsors in the weeks following an event either at an informal meeting, or at a sponsors’ ‘thank you’ function (such as a breakfast or similar) during which the positive and negative aspects of the sponsorship were discussed. One event manager described this conversational evaluation as ‘a post-event function with the sponsors which is usually just a breakfast or something and we ask them very candid questions…happy, sad, good, bad, happy, why, how come?’. The same event manager commented that written surveys were ineffective when dealing with smaller businesses as sponsors tended to only return written surveys when they were dissatisfied with the outcomes of a sponsorship.

**Initiation of Sponsorship Agreements**
Two of the five sponsorship agreements were initiated through a request from event organizers to an SME for sponsorship, with both taking the form of a written sponsorship proposal. A further two sponsorships were initiated as a result of ‘personal contacts’. A personal contact in this context constituted an individual who was part of the organizing committee for an event personally knowing another individual that either owned or managed an SME suitable to approach for sponsorship. The one remaining sponsorship was initiated through an SME approaching a local sporting association and proposing that the sporting association run an event, with the proposing business acting as the major sponsor.

The key findings of the exploratory study undertaken in this instance were presented in this section. The focus of this paper now turns to drawing upon such findings, in addition to existing literature discussed previously to propose a process model of SME sponsorship of regional sport tourism events.

**PROCESS MODEL OF REGIONAL SPORT TOURISM EVENTS BY SMEs**

Figure 2 depicts the proposed conceptual model of the processes and interactions postulated in existing literature and drawn from the present study into SME sponsorship of regional sport tourism events. The model is discussed in the ensuing section of this paper.

Encased within a broken rectangle representing a regional community, the depicted model is made exclusive to regional areas, previously defined as areas distant from international ports of entry to a country\(^{85}\). The rectangle is presented in a broken manner to acknowledge the theory of an open system in which an organization (a region in this case) ‘must interact with the environment to survive…it must continuously change and adapt to the
environment' (p. 9). External factors that could influence a region in this regard might include the availability of persons skilled in event management, similar events being held in other locations at concurrently, or perhaps the current economic climate (for example high fuel prices may deter people from travelling long distances to an event).

Within the model are eight numbered boxes representing sequential phases in the sponsorship cycle which are followed in a clockwise direction. Broken lines or additional ‘option’ boxes (unnumbered) depict latent linkages dependent upon the outcome of a strategic decision. For example, boxes two and four are linked with a broken arrow, depicting the potential, mutually beneficial relationship between a conceptualised event and an SME should the business agree to sponsor this event.

**INSERT FIGURE 2: PROCESS MODEL OF REGIONAL SPORT TOURISM EVENT SPONSORSHIP BY SMEs**

*Stage 1: Sport Tourism as a Vehicle for Regional Development*

Box number one is representative of a regional community’s need to employ reactive strategies necessary to combat the associated effects of forces such as urbanization and technological advances. The community seeks to attract economic investment, generate employment, and reduce the effects of seasonality on local businesses. Dowell noted that small-scale sporting events have the ability to generate income through visitor expenditure, employment for local residents, smooth out peaks and troughs in demand for services. Meanwhile Walo et al. suggested that events of this nature may induce social benefits such as increased community spirit and cooperation. Thus it is sporting events of a small-scale that
regional communities are increasingly turning to in order to curb labour and capital leakage brought about by advances in technology, globalization, and urbanization.

Additionally, regional communities often lack the financial resources to construct specialized infrastructure to host one-off sports events. However, sport tourism events hosted by regional communities frequently make use of existing infrastructure to stage events, therefore they often come at a low cost to the host community\textsuperscript{90}. As such, hosting a sport tourism event may provide a suitable vehicle for a regional community to accrue some or all of the benefits previously cited.

Stage 2: Event Conceptualization

The aim of this phase is to conceptualize an appropriate event that is within a community’s capacity to stage in terms of infrastructure, services, and human resources. Allen et al.\textsuperscript{91} advocated a thorough understanding of the event environment and its major stakeholders as a key determinant in any event’s success. In the case of staging a sport tourism event it is necessary to identify the host community’s current sporting infrastructure as well as supporting services such as accommodation and restaurants to cater for visitors converging on the host community. A facilities audit of this nature was a process recommended also by the Australian Government’s Draft National Sports Tourism Strategy\textsuperscript{92}.

Once the scope of a community’s capacity to host an event has been identified, consultation with local sporting associations may assist in identifying an appropriate event that can be staged, and an organising committee formed.

Stage 3: Seed Funding

This third phase is indicative of the need for an event to obtain initial or ‘seed’ funding to
become viable and initially solvent. The sources of initial revenue (i.e. prior to the event possessing a product it can offer for sale) available to an event may include broadcast rights, government grants, and sponsorship. It may be argued that regional events cannot realistically sell broadcast rights due to the limited appeal of such events to television audiences. Consequently broadcast rights may not usually constitute a realistic source of revenue in a small-scale regional event context. Government grants and sponsorship remain as the two viable sources of initial revenue for a regional event. On average, 43% of any given event’s budget comprised of sponsorship revenue\(^{93}\) (IEG, 1992), thus it is surmised that organizers of events will often look to sponsorship funds over government grants to obtain initial funding. Given that large corporations tend to be concentrated in major cities it is likely that organizers of regional sport tourism events will approach either small or medium businesses for sponsorship.

*Stage 4: SME Sponsorship in a Regional Community Context*

Box number four is representative of SMEs in a regional community and identifies the objectives these businesses seek to achieve by sponsoring events in their local community. This research, along with previous studies\(^{94,95}\) established that SMEs sponsoring regional sport tourism events primarily set out to achieve the five objectives identified in this box, which include ‘giving back’ to their local community, obtaining media publicity, and increasing awareness of their business.

*Stage 5: Sponsorship Acquisition & Initiation*

Box number five depicts the request for sponsorship phase by the event to individual SMEs. This research, along with previous studies\(^ {96,97}\) found that regional sport tourism event
sponsorships are frequently initiated through the personal contacts of event organizers with SME owners or managers, or via a formal request from event organizers to an SME.

Linked by broken arrows to either side of box number five are two option boxes. Should an SME accept the sponsorship proposal and enters into a sponsorship agreement, the event becomes solvent and may proceed; as such the model continues to be followed clockwise. In the event that the SME rejects the request, the model is followed anti-clockwise back to box number four where an event manager may select and approach an alternate business from which to solicit sponsorship. Should initial revenue not be able to be sourced it is reasonable to assume that an event may not be able to proceed, unless of course an alternate source of revenue is established.

Stage 6: Event Execution

At this point the event has secured initial funding through one or a number of contributions from SME sponsors and is able to proceed. The ‘SME accepts request’ option box is linked by a broken arrow to a solid arrow between boxes four and six in which the solid arrow depicts the actual exchange of resources which facilitates mutual benefits for the event and sponsor. Leveraging of the sponsorship commonly occurs at this stage, as such the leveraging practices of SMEs as identified by this study are presented in box number six. Such leveraging practices included the distribution of promotional materials to event participants, media advertising, in-store promotions, and are used by SMEs to capitalize on their sponsorship investment.

Stage 7: Event Conclusion & Stakeholder Evaluation

During this phase of the sponsorship cycle the event has been staged and the host community
will have begun to reap the benefits of event tourism as identified in stage 1. The event is
scrutinized by stakeholders such as event organizers, sponsors, local government, businesses
and residents as to whether the event was successful, and the impacts the event has had on the
community are identified, whether they be positive or negative.

Stage 8: Evaluation of Sponsorships

Box number eight represents the final phase of the sponsorship cycle, in which the
sponsorships are evaluated by both the SME which provided the sponsorship as well as the
event organizers. This research along with previous work by Mount and Niro\textsuperscript{98} identified
three primary methods in which SMEs and event organizers evaluated the sponsorships of
regional sport tourism events. These included 1) informal conversation, 2) analysis of press
coverage generated by the sponsorship for the sponsoring business, and 3) assessment of
impact on sales.

The present study indicated that event managers occasionally use the previously identified
sponsorship evaluations to facilitate the renewal of sponsorships for subsequent editions of an
event in future. As such, an option box presented in a broken line is present which depicts a
latent sponsorship renewal opportunity. Broken arrows also depict latent linkages from the
sponsorship renewal option box to boxes two and three. In doing so, provision is made
(through the link to box number three) for renewing the sponsorship for the next time the
event is staged. Alternatively, by linking to box number two, scope is provided for the
community to reconceptualize the event in the case of the original event being unsuccessful.

CONCLUSIONS

This paper has proposed a conceptual model illustrating the processes and interactions that
take place in sponsorship arrangements between small and medium enterprises and sport tourism events conducted in regional areas. The model drew upon existing literature from the fields of sport tourism and event sponsorship, and also from the outcomes of an exploratory study conducted by the paper’s authors. The model proposed bears implications for the event industry as well as serving as a platform for future research into this facet of event sponsorship.

Contemporary event organizers must possess an intimate understanding of the businesses that provide sponsorship to their events as well as the processes and interactions which underpin the sponsorship agreements which they enter into. Sponsorship has become so entrenched within the event industry that it may be argued that the viability of events is today at the mercy of the private sector. Until now, few sponsorship studies have paid specific attention to sporting events held in regional areas for the purpose of regional economic development. The present study has made inroads in shedding some light on this emerging phenomenon, however we are still only at the exploratory stage and further research is required.

Implications for the event industry from the proposed model are evident, particularly as the organizers of regional events are often persons with little training or experience in event management and are thus in need of guidance in how to effectively manage event sponsorships. Key processes necessary for a successful sponsorship arrangement (i.e. effective sponsorship leveraging and methodical evaluation) are identified in the context of sponsorship as a cycle in the proposed model. Event managers are able to clearly identify at which stage such processes occur and how they facilitate a successful and mutually beneficial sponsorship. For example the relationship between effective sponsorship leveraging and the fulfilment of objectives on the part of the sponsor is clearly illustrated, as is the importance of a methodical evaluation on facilitating sponsorship renewal for subsequent editions of an
event. The model may serve as a template for the successful execution of a sponsorship from initiation through to evaluation and sponsorship renewal.

The scope for further research into this aspect of event sponsorship is broad. Firstly, the process model of SME sponsorship of regional sport tourism events presented here is limited by design of the research which informed its construction. The outcomes of this qualitative inquiry dictate that the findings presented are exclusive to the cases studied and are not able to be extrapolated to regional sport tourism events in a general sense\(^9\). Nevertheless, this research and the proposed model have generated base knowledge from which future studies may use as a platform to generate findings with higher extrapolation power. Further study into facets of sponsorship addressed in the model utilizing a greater number of case studies, or perhaps a quantitative inquiry incorporating a large sample of regional events may go some way to empirically validating the processes and interactions identified in this proposed model.

Knowledge regarding the rationale behind SMEs to sponsor sporting events at the regional level is imperative to the effective management of such sponsorships. Interestingly, the findings of this research suggested that philanthropic motives for sponsoring events in a regional context are still common today, which challenges previous literature\(^{100,101}\) heralding the extinction of philanthropy as a sponsorship rationale. Exploration into this issue is necessary, as significant management implications may arise should philanthropy be verified as a widespread sponsorship motivation in a small-scale regional event context.

**REFERENCES**


(8) Delpy, ref. 4 above.

(9) Allen et al., ref. 5 above.


and Event Tourism 2(3/4): 159-166.


(23) Stotlar, ref. 22 above.

(24) Allen et al., ref. 5 above.

Victoria: The Sponsorship Unit Pty Ltd.


(27) Sandler and Shani, ref. 26 above.


(30) Allen et al., ref. 5 above.


(33) Allen et al., ref. 5 above.


(37) Meenaghan, ref. 19 above.

(38) Sleight, ref. 20 above.

(39) Sleight, ref. 20 above.


(42) Corbett and Lekush, ref. 40 above.

(43) Arthur et al., ref. 35 above.


(45) Arthur et al., ref. 35 above.

(46) Meenaghan, ref. 19 above.

(47) Arthur et al., ref. 35 above.

(48) Crompton, ref. 43 above.


(50) Delpy, ref. 4 above.


(53) Kelly, ref. 51 above.


Sons.

(56) Lane, ref. 53 above.


_The Significance of Regional Tourism: A Preliminary Report. Occasional Paper Number 2_. Lismore, NSW, Australia: Centre for Regional Tourism Research, Southern Cross University.


(59) Delpy, ref. 4 above.


(61) Dowell, ref. 6 above.


(64) Walo et al., ref. 61 above.

(65) Delpy et al., ref. 10 above.


(69) Australian Bureau of Statistics, ref. 67 above.


(72) Slack and Bentz, ref. 14 above.


(74) Slack and Bentz, ref. 14 above.

(75) Mount and Niro, ref. 72 above.


(81) Mount and Niro, ref. 72 above.

(82) Slack and Bentz, ref. 14 above.

(83) Meenagh, ref. 19 above.

(84) Sleight, ref. 20 above.

(85) Kelly, ref. 51 above.

(87) Lane, ref. 53 above.

(88) Dowell, ref. 6 above.

(89) Walo et al., ref. 61 above.

(90) Dowell, ref. 6 above.

(91) Allen et al., ref. 5 above.

(92) Federal Department of Industry Science and Resources, ref. 62 above.

(93) IEG, ref. 31 above.

(94) Mount and Niro, ref. 72 above.

(95) Slack and Bentz, ref. 14 above.

(96) Mount and Niro, ref. 72 above.

(97) Slack and Bentz, ref. 14 above.

(98) Mount and Niro, ref. 72 above.

(99) Jennings, ref. 78 above.

(100) Copeland et al., ref. 21 above.

(101) Stotlar, ref. 22 above.
Figure 1: Event revenue sources, adapted from Allen et al.\textsuperscript{33} (p. 261).
Figure 2: Process model of SME sponsorship of regional sport tourism events