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Corporate Sponsorship in High School Athletics

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Corporate Sponsorships in High School Athletics

by

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An Honors Thesis in partial fulfillment of the requirements for the degree Bachelor of Science in Business Administration in Marketing.

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Table of Contents

Abstract.....3

Introduction.....4

Methods.....7

Results.....8

Summary.....17

Recommendations.....18

Limitations.....18

**Future
Research.....18**

Conclusion.....19

Appendix.....20

References.....22

Corporate Sponsorship in High School Athletics

Abstract

The purpose of this research is to examine corporate sponsorship of secondary school athletics. With a decrease of funding for school districts and tightening of budgets across the country, secondary schools have utilized a new major resource of income: sponsorship. Throughout the nation high schools are funding many programs, including athletics through the use of corporate sponsorship. Though previous research has concentrated on sponsorship at either the professional or collegiate level, the focus of this research is to further explore the business model of corporate sponsorship in interscholastic athletics from the viewpoint of the school districts, understand benefits and consequences for businesses and schools, and how schools generate revenue through sponsorships for athletic programs. Surveys were distributed to 340 Oklahoma and Arkansas Principals and Athletic Directors determining that 89% of responding schools solicit corporate sponsorships, however 98% of survey participants claimed they receive the majority of their sponsorship from local, not corporate businesses.

Introduction

According to International Events Group in 2009, the sports industry accounted for 68.4% of the \$16.97 billion sponsorship market in North America in 2009 (Pierce and Brussell 2011). One usually thinks about corporate sponsorship being associated with the professional sports world. Recently, it has become a beacon in collegiate sports as well. Today, corporate sponsorship has become increasingly popular in interscholastic athletic programs. Corporations are using their multimillion dollars to tap into a virtually unlimited supply of secondary schools, placing ads and promoting their name or logo on jerseys and stadiums all over the nation. Could this be a win-win situation for both the schools and the corporations?

Corporations invest in sponsorships for multitude of reasons, whether it is to increase product awareness, to enhance their image, to increase sales and market share, to achieve philanthropic goals, or for hospitality and client entertainment (also known as relationship marketing,) (Mullin, Hardy & Sutton 1993). While businesses have been heavily invested in professional and collegiate sports for a substantial period of time, the practice is becoming widespread at the interscholastic level. This study is designed to discover new information pertaining to issues of sponsorships in high school athletics and how schools are using this practice to generate revenue.

As an intern for Razorback Sports Properties, I know firsthand what sponsorships in collegiate sports look like. After creating the contract for partnership, the rest is all about the relationship with sponsors and making sure they are getting what they are paying for. For example, one of my duties for a typical game day at Donald W. Reynolds Stadium includes welcoming partners to our pre-game hospitality event where sponsors get exclusive access to the Frank Broyles Center when it is closed to the general public. Partners also receive sideline passes to some games. All of this is designed to maintain good customer relationships so that sponsors will continue contributing funds. While events and benefits such as this at the collegiate level are not all that surprising, is it now the standard for high schools? For example, at Southlake Carroll High School in Southlake, Texas, corporations such as Hilton Hotels, Allstate, and Providence Bank have spent thousands of dollars in order to advertise on the high school athletics' website, game programs, and at the football stadium and gymnasium (southlakefootball.com).

Despite budget cuts in many areas across the country, in 2009 the National Federation of State High School Associations (NFHS) documented increasing participation rates in athletics for the twentieth consecutive year, establishing records for both girls and boys participants (National Federation 2009). Even though there has been an increase in participants in the last several years, interscholastic athletic budgets have tended to be one of the first to get cut. Daniel Roberts of Fortune Magazine writes, "even as school districts around the country cut budgets, lay off teachers, and slice sports programs, high school football remains big business," (Roberts, 21). While it is a creative method of funding for schools, has some of this gone overboard? Is it right that a high school in Allen, Texas is currently spending \$60 million for a new state of the art football stadium (Roberts 2011)? As part of a \$120 million bond passed in 2009, the new stadium will hold 18,000 fans and will even have suites. The more sponsorship support a school has the better resources they have at their disposal, which also increases exposure for the student athlete.

Howard and Crompton define sponsorship as "a business relationship between a provider of funds, resources, or services, and a sport event or organization, which offers in return specific rights that may be used for commercial advantage" (Pierce & Brussell, 2011). Eric Forsythe,

known as the father of understanding sponsorships in secondary school athletics, found in his 2001 study that the major reason that both small and large organizations participate in sponsorships of high school athletics is to advocate their support of local schools to the community. There is, however, a different incentive for large businesses versus small: large companies are more concerned with the bottom line, increased exposure and brand awareness, while smaller organizations are more willing to buy sponsorships for the goodwill and enjoyment they receive by helping their local schools (Pierce & Brussell 2011). Naming rights, or paying to have facilities named after an organization, are an integral part of corporate sponsorships, and where a lot of the “big money” originates.

There are issues dealing with corporate sponsorship that create questions surrounding corporate sponsorship and its use in interscholastic athletics. There are those that argue sponsorship at the high school level steers focus away from the classroom and changes classrooms into nothing more than an opportunity for sponsors to turn students into consumers (Pennington 2004). Some believe that high school athletics have transitioned from what used to be a pastime for students and fans into simply an entertainment business, with growing pressure on the student athletes. For example, there are high school national championships for sports beginning to emerge. The big debate here is that school associations typically ban athletes from competing for their schools specifically past the state level. So students have started competing on “club teams.” Some argue that the money being spent for these championships needs to go back to the established high school teams and lift that state level ban so schools themselves can reap the benefits of corporate backing, (Pennington 2004). Further, some worry that the types of companies becoming sponsors of high school athletics sell products that should not be advertised to high school students, especially soft drinks and unhealthy foods because of the increasing problem of obesity in children (McCollum 2005). There also seems to be an unfair advantage to schools that have wealthier patrons and can sell sponsorships compared to those in less fortunate school districts.

Benefits

Funding reductions and cuts in education have made it difficult for school districts to fund athletic and arts programs. Many schools have to charge students to participate in athletics. The most effective way to continue supporting these programs and reducing costs to the student athletes is through corporate sponsorship. Schools are receiving the big donations from naming rights of stadiums and gymnasiums. For example, Sweetwater Union High School District, in the San Diego area, has made sponsorship contracts with nearly 300 national and local businesses. This money has gone directly into their sports programs, specifically creating freshman teams and allowed for intramural teams to develop at the middle school level, (McCollum 2005). The Brooklawn School District in New Jersey is credited for being the first secondary school program to use naming rights as a mechanism for athletic sponsorship. They allowed ShopRite, their only local grocer, the naming rights to their basketball gymnasium in exchange for \$100,000 in 2001 (Pennington 2005). In 2005 at Everglades High School in Miramar, Florida, a company paid \$500,000 for the naming rights to their football stadium (McCollum 2005). And in September 2011, Gloucester High School in Massachusetts, which is located in the same town New Balance owner Jim Davis has a vacation home in, sold the naming rights to their stadium to New Balance for \$500,000. The city is contributing \$1.5 million on the new stadium, with the total cost of the project estimated at \$3.5 million. More than 130 other corporate and individual donors have committed to financial aid also, (Miller 2011).

While there is a sizeable financial incentive for schools to partake in corporate

sponsorship and naming rights, the benefit to the organizations is great as well. Judith Thomas, marketing director for the National Federation of State High School Associations stated: “Corporate involvement at the high school level is about to explode nationwide. It is an unlimited, untapped market and it is in places companies often can’t easily reach,” (Pennington 2004). When Safeway donated \$50,000 to a San Francisco School District after around 200 teachers were laid off, their Public Affairs manager Teena Massingill stated: “Giving back to the community is a pleasure and a responsibility,” (McCollum 2005). When corporations put money into their local school systems, parents and fans, which happen to be customers, see their commitment to their community, not to mention their advertisements plastered all over the stadiums and gyms they are going to week after week. This in turn makes it likely that these people will support businesses sponsoring their schools by shopping there.

In some cases, athletic sponsorships may also be the difference between going to college or not. A student, especially a low-income one, attending a school with a highly respected athletic program will have a better chance of being noticed and recruited. ABC Sports announcer Todd Blackledge discussed during the OU vs. Texas Tech game of October 22, 2011 the importance of being in the right place at the right time in order to get recruited. He explained how Seth Doege, quarterback for Texas Tech, and his family moved from a small town to Lubbock, Texas, a larger town with an esteemed athletic program. Though he was injured both his junior and senior years and played very little, Doege was still offered a scholarship to Tech because coaches were impressed by what they had seen early in his career (Blackledge 2011). Had this athlete not moved and had greater exposure at the more prestigious athletic program, his college career would more than likely have taken a different path. So, if state and local governments can no longer pay to fund athletic programs, the question being raised is why shouldn’t schools be able to sell corporate sponsorships to overcome the budget cuts?

Consequences

Because of stadium renovations, adding fancy LED screens, and spending money for new team jerseys and equipment, some argue that high school sports have transitioned from what use to be a pastime for students into simply an entertainment business. A student who once may have joined a sport to enjoy playing the game and participating in routine exercise may now be turned away because he or she is not as serious as the athlete trying to get a college scholarship. Since sponsorship has become a major resource for funding, it has also blurred a line between marketing and education (McCollum 2005). Some fear that the money corporations are pouring into school systems may eventually make businesses think they are entitled to become decision-makers for the schools and even allow them to alter curriculum.

Consumerism

When high school athletic programs were being distributed 10-15 years ago, (one might recall) that the smaller, local business were the major sources of advertising, with maybe a half-page ad that was directly related to wishing local athletic teams a great season. Today, major companies such as Pepsi have become “The official drink of ____ High School” or the biggest car dealership in town to be “The official car dealership of _____ Public Schools.” The President of Brooklawn’s school board was quoted saying he was “looking into selling advertising on the children’s basketball uniforms.” (McCollum 2005). Businesses want to be advertised at school events for several reasons. During school athletic games and events, kids cannot fast forward through commercials these organizations distribute during their favorite television program or turn down the volume during radio commercials. In other words,

companies cannot be ignored when the PA Announcer advertises them, or the companies' advertising is displayed through other mediums in the stadium or gym. Further, companies recognize that high school athletics attract captive audiences with disposable incomes (Pennington 2004).

Student Health

Another concern many have is the type of businesses sponsoring schools. Many of the companies pouring money into our school districts include soda and junk food. 241 school districts have sold exclusive rights to one of the three big soda companies (McCollum 2005). With obesity turning into a major issue in our children today, is it right that some of the companies who's products are responsible for this problem be allowed to have advertisements posted all over the school's stadiums and gyms?

Straying Away From What Is Really Important: Education

A critical argument against high school athletic corporate sponsorship is that schools are sacred. While there are many issues in the education system today, they are still supposed to be special places (McCollum 2005). Moreover, schools exist to teach children to read, write, and think, not to shop. (Pennington 2004). Is it ethical for businesses, whose primary concern is turning a profit, enter school systems and interfere with the integrity of education? Many believe that the revenue earned from corporate sponsorship does not outweigh the damages that could arise from them if it gets out of control. Also, with the increased pressure of student athletics to perform well, there has always been a stigma that student athletes get away with missing homework and passing when they should not.

The purpose of this study is to explore a range of questions regarding corporate sponsorship in high school athletics. Understanding simple information such as the size of schools participating, what types of companies are sponsors for interscholastic sports, and who in these schools is responsible for establishing these business relationships with businesses to invest in athletic programs is the focus for this research. We would also like to see if there are any relationships between size of school and amount of revenue generated by sponsorship, the amount of revenue generated compared to number of Division 1 scholarships, and the amount of revenue generated in relation to the types of companies sponsoring schools.

Methods

Previous Research

Several previously conducted studies about high school corporate sponsorship surveyed sponsors, not school administrators. However, this study seeks to replicate that of Pierce and Brussell's 2011 National Survey of Interscholastic Athletic study. In their study, 2,500 school athletic directors that were chosen by using a stratified random sample were contacted via email to participate in a twenty-question survey that attempted to answer questions such as the percentage of schools using sponsorship, fundraising and participation fees and why athletic directors solicit sponsorship. (See Appendix 1.1 for the questions addressed in that study).

One major limitation to Pierce and Brussell's study is that they had a response rate of only 15.1%. Although this percentage was deemed as a usable sample size, it would be better if this number were to increase.

Expected Relationships

There were several trends I anticipated prior to compiling the data. I expected that there

would be a relationship with corporate sponsorship and the number of students enrolled in schools. Further, I predicted that larger schools would generate more sponsorship compared to that of smaller schools. Also, I believed that companies selling soft drinks and foods would be big players in sponsoring high school athletics. I anticipated naming rights to be a commonly used method of sponsorship for schools. Lastly, I thought football would generate more sponsorship compared to any other sport.

Methodology

This study will be similar to Pierce and Brussell's, however, will be carried out on a much smaller scale, and limited to Arkansas and Oklahoma. Due to time constraint and reach, limiting this study to Arkansas and Oklahoma made it feasible to achieve. This study's 26-question survey was distributed to 340 high school principals, athletic directors, or head coaches in Arkansas and Oklahoma.

A major difference between this study and Pierce and Brussell's is that surveys will not only be distributed to athletic directors, but also to school administrators (most likely the head principal). Contact information for athletic directors and administrators were publicly available and obtained from district or school websites, as well as excel spreadsheets created by each States' Boards of Education.

In order to increase this study's response rate, a pre-notification letter was used giving athletic directors and principals a heads up on what to expect in their inboxes. Another tool used to increase the response rate compared to that of Pierce & Brussell's study would be to incentivize respondents by putting their name and contact information into a drawing to receive an iPad and a \$100 Nike.com upon completion of the survey. Out of the 340 principals and athletic directors that were selected to participate in the survey, 40 of the emails were sent back stating that the messages could not be delivered. Out of the 300 people that received the survey link, 73 participated in the survey. The response rate with an incentive and pre-notification letter was 24.7%.

Preceding the survey, pre-notification letters were emailed to each administrator and athletic director letting them know they would be receiving a survey via e-mail to complete. The letter, as well as the email with the link to the survey explained to participants how to use Qualtrics, the chosen survey method for collecting the data. The pre-notification letter was sent out March 5th. Then, the survey was emailed to principals and athletic directors March 7th. During a period of two weeks after the initial email survey has been sent, one reminder email after one week of the survey being sent (March 14th) along with a follow up email on the last day the survey could be completed (March 21st) was distributed with a link to the survey to be completed.








Results

Characteristics of Responding Schools

Emails were sent to 340 recipients, but 40 failed to deliver. Out of the 300 valid e-mail addresses, 73 participants responded. Of those respondents, 39 respondents or 57% disclosed that they were from Arkansas, with the remaining 43%, or 29 respondents coming from Oklahoma (n=68). 37 or 54% of the respondents were Principals, 30 or 44% Athletic Directors, and one respondent or 1% acknowledged being a Head Coach (note: this person was also as a principal). The populations of the schools varied greatly, the smallest school having 43 students, the largest 4500. The average number of students per school was 1167 and the median 1893. As Table 1 shows, the majority of respondents were from Class 6A schools with 30% or 20

respondents, while only 6% or 4 respondents were from Class 1A schools (n=67).

Table 1: Class Designation

| Class Designation | | Response | Percentage |
|-------------------|---|----------|------------|
| 1A |  | 4 | 6% |
| 2A |  | 7 | 10% |
| 3A |  | 5 | 7% |
| 4A |  | 15 | 22% |
| 5A |  | 10 | 15% |
| 6A |  | 20 | 30% |
| 7A |  | 6 | 9% |
| Total | | 67 | 100% |

96% of the institutions surveyed were public, with the remaining 4% private. The number of sports offered by schools differed greatly also. The average number of sports offered by schools was 12.28. The minimum number of sports offered was 4, the maximum 28, with a median of 12. The 28 sports offered by the maximum school included 13 for boys and girls, plus volleyball and wrestling. The average number of students that participate in sports per school was 417, with the lowest number being 30 and the largest 2200. The median number of student participants was 236.

Table 2: Population of Community Surrounding School



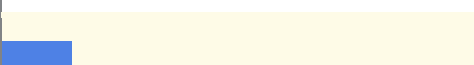
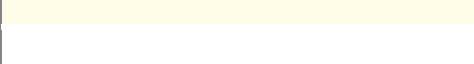

| Population | | Response | Percentage |
|-------------------------------------|---|----------|------------|
| Rural (10,000 and under) |  | 25 | 37% |
| Town (10,000-50,000) |  | 12 | 18% |
| Suburban (50,000-75,000) |  | 10 | 15% |
| Large Town or City (75,000-250,000) |  | 13 | 18% |
| Urban (250,000+) |  | 8 | 12% |
| Total | | 68 | 100% |

Table 2 records the populations of communities where survey respondents are located. There was an error in this question in the survey distributed, where the 10,000-50,000 range was left out. Manually finding the populations of the responses online made it possible to correct this

error and give an accurate percentage for each range. 37% or 25 schools were located in rural areas with populations of 10,000 people or less (n=68).

Factors Associated with Sponsorship

72% or 47 survey respondents said they were receiving the same amount of funding for athletics, 6% or 4 respondents receiving more, and 22% or 14 respondents receiving less compared to the previous year (n=65). However, when asked if utilizing corporate sponsorship was a method used to counterbalance funding cuts, 32% or 20 respondents said yes (n=62). Only 4 respondents or 6% said their schools charge students participation fees. All but one school (98% or 64 respondents) said they participate in fundraising of some kind, such as having booster clubs, mom's clubs (n=65). 58 respondents or 89% said that they participate in soliciting corporate sponsorships for their athletic programs (n=65). Interestingly though, when asked if revenue was received more from local or corporate businesses, 98% (57 respondents) said local.

Table 3: Revenue Generation

| Generated Revenue | 2011-2012 | 2010-2011 | 2009-2010 |
|---------------------|-----------|-----------|-----------|
| \$1 - \$4,999 | 47.5% | 52.46% | 49.18% |
| \$5,000 - \$9,999 | 14.75% | 13.11% | 14.75% |
| \$10,000 - \$14,999 | 8.2% | 8.2% | 8.2% |
| \$15,000 - \$19,999 | 3.3% | 1.64% | 1.64% |
| \$20,000 - \$24,999 | 3.3% | 1.64% | 1.64% |
| \$25,000 - \$29,999 | 0 | 3.3% | 1.64% |
| \$30,000 - \$34,999 | 3.3% | 4.92% | 3.3% |
| \$35,000 - \$39,999 | 3.3% | 1.64% | 1.64% |
| \$40,000 - \$44,999 | 1.64% | 1.64% | 1.64% |
| \$45,000 - \$49,999 | 1.64% | 0 | 0 |
| Above \$50,000 | 13.11% | 11.48% | 14.75% |

Table 3 shows the percentage of respondents that recorded which interval their amount of revenue generated over the past three years. Most schools generated revenue between \$1-\$4,999 each of the last 3 years. It is important to highlight, however, that the third largest interval included schools generating above \$50,000.

Table 4 shows that the majority of respondents claim that their largest contributor was donating between \$1 and \$4,999. In contrast, Table 5 displays revenue generated by schools' smallest contributors. 40% of the smallest contributors were contributing \$99 or less, while 31.11% were giving between \$100-\$249.

Table 4: Revenue Generated by Largest Contributor

| Revenue | Percentage |
|-------------------|------------|
| \$1-\$4,999 | 68.89% |
| \$5,000-\$9,999 | 13.33% |
| \$10,000-\$14,999 | 8.89% |
| \$15,000 and over | 8.89% |

Table 5: Revenue Generated by Smallest Contributor

| Revenue | Percentage |
|-------------|------------|
| \$1-\$99 | 40% |
| \$100-\$249 | 31.11% |
| \$250-\$500 | 17.78% |
| Over \$500 | 6.67% |

As indicated by Table 6, 66% of the Principals and Athletic Directors surveyed identified that only 1-5% of their athletic budget was generated by corporate sponsorship. 84% or 51 respondents surveyed generated 10% or less of their athletic budgets from sponsorship (n=61).

Table 6: Percentage of Athletic Budget Generated by Corporate Sponsorship







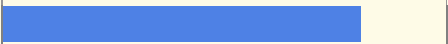







| Budget from Sponsorship | | Response | Percentage |
|-------------------------|---|----------|------------|
| 1-5% |  | 40 | 66% |
| 6-10% |  | 11 | 18% |
| 11-15% |  | 1 | 2% |
| 16-20% |  | 3 | 5% |
| 21-25% |  | 3 | 5% |
| Greater than 25% |  | 3 | 5% |
| Total | | 61 | 100% |

Table 7: Party Responsible for Generating Corporate Sponsorship

| Responsible Party | | Response | Percentage |
|--|---|----------|------------|
| Athletic director |  | 51 | 81% |
| Principal |  | 10 | 16% |
| School Board |  | 2 | 3% |
| Marketing Director |  | 5 | 8% |
| Booster Club |  | 38 | 60% |
| Coaches |  | 35 | 56% |
| Third party sport marketing company (outsourced) |  | 10 | 16% |
| Other |  | 2 | 3% |

While multiple parties can be responsible for generating sponsorships as seen above in Table 7, the majority of schools enlist the Athletic Director as the main person to find contributors. Booster clubs as well as coaches were also very involved in generating sponsorships for high school athletics. It is noteworthy that principals were involved in generating sponsorship about as much as third party marketing companies that are outsourced by schools. 3% or 2 respondents answered that other parties involved with generating sponsorship but were not listed included parent volunteers and the superintendent.

When survey respondents were asked if their schools utilize naming rights, or let companies use their name for a stadium or field for a price, 82% or 49 respondents said that they did not. The remaining 11 respondents or 18% used naming rights as a manner of generating revenue (n=60).

Table 8: Benefits of Sponsorships with High School Athletic Programs



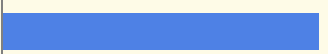
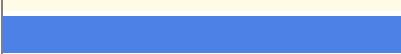

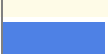

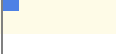


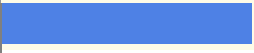



| Benefits | | Response | Percentage |
|---|---|----------|------------|
| Facility naming rights |  | 5 | 9% |
| Logos on uniforms |  | 2 | 3% |
| Recognition as game sponsor |  | 37 | 64% |
| Stadium signage |  | 47 | 81% |
| Game program recognition |  | 38 | 66% |
| Season tickets |  | 12 | 21% |
| Product sales opportunity at facility |  | 2 | 3% |
| Radio or web-casting recognition |  | 13 | 22% |
| Website advertisement |  | 6 | 10% |
| Advertising on promo items (schedule cards, calendars, spirit sticks) |  | 33 | 57% |

Table 8 indicates some of the benefits that sponsors receive by investing money into high school athletic programs. The most common benefit participants responded was stadium signage, while recognition as a game sponsor or in the game program was heavily prevalent also.

Table 9: Sponsorship Distribution by Sport

| Sport | | Response | Percentage |
|------------|---|----------|------------|
| Football |  | 25 | 52% |
| Basketball |  | 9 | 19% |
| Baseball |  | 4 | 8% |
| Tennis | | 0 | 0% |
| Golf | | 0 | 0% |
| Volleyball | | 0 | 0% |
| Other |  | 10 | 21% |
| Total | | 48 | 100% |

As shown in Table 9, survey respondents revealed that not all athletic programs dispersed their sponsorship evenly, and football seems to generate more sponsorship than other sports. 52% or 25 respondents whose athletic program does not distribute sponsorship evenly primarily

generate their sponsorship from football. 21% or 10 respondents that selected “other” as their answer said that sponsorship was generated fairly evenly, accumulated per athlete, accumulated primarily by both football and basketball, or that each booster club generates sponsors but the school does not monitor who or how much people are donating.

Table 10: Division 1 Collegiate Scholarships

| Number of Scholarships | 2011-2012 | 2010-2011 | 2009-2010 | Responses |
|------------------------|-----------|-----------|-----------|-----------|
| 3-5 | 15 | 9 | 11 | 35 |
| 6-8 | 1 | 4 | 4 | 9 |
| 9-11 | 2 | 5 | 2 | 9 |
| 12+ | 13 | 11 | 11 | 35 |
| Total | 53 | 54 | 53 | 160 |

As shown in Table 10, out of these schools alone, 160 Division 1 collegiate scholarships were awarded in the last three years. Most respondents had two student athletes or less going to college on Division I Scholarships, with some schools boasting more than 12 students.

Table 11: Types of Companies for Interscholastic Athletic Sponsorships

| Type of Company | Response | Percentage |
|-----------------|----------|------------|
| Soft Drinks | 22 | 42% |
| Car Dealerships | 28 | 54% |
| Food | 27 | 52% |
| Attorneys | 15 | 29% |
| Medical Centers | 26 | 50% |
| Grocery Stores | 18 | 35% |
| Insurance | 28 | 54% |
| Banks | 45 | 87% |
| Other | 15 | 29% |

Table 11 breaks down the types of companies survey respondents answered were sponsors. Though there were a large variety of the types of businesses that are sponsors, banks were the most frequent sponsors. Insurance, car dealerships, food, and medical centers were also companies that were heavily present in interscholastic athletic sponsorships. 29% or 15

respondents that answered “other” have sponsors in industries such as Real Estate, Gas Stations, Freight, Construction, Manufacturing, Energy, and Lumber, Auto/Body Repair, service providers such as Verizon Wireless and Family business.

Reasons Schools are Not Participating in Corporate Sponsorship

Table 12: Reasons for not Soliciting Corporate Sponsorships

| Reasons against Corporate Sponsorship | | Responses |
|--|--|-----------|
| I do not believe corporate sponsorship is appropriate in a school setting | | 1 |
| Our school corporation does not allow corporate sponsorship in athletics | | 1 |
| We have not developed a plan for soliciting or administering a sponsorship program | | 8 |
| Our staff lacks knowledge of the sponsorship sales process | | 3 |
| We do not need sponsorship because of our current financial situation | | 0 |
| There are no businesses in the area from which we could solicit sponsorship | | 8 |
| Other | | 3 |
| Total | | 24 |

As stated previously, 58 respondents or 89% participated in corporate sponsorship. The remaining 11% or 7 respondents that did not participate in corporate sponsorship were able to answer why they do not currently engage in soliciting corporate sponsorship. Table 12 displays that the two main reasons seem to be that their school has not developed a plan for soliciting or administering a sponsorship program and that there are no businesses in the area from which these school districts could solicit sponsorship.

A question that was asked in the survey was, “How did your athletic program finish last year (win-loss record)?” Because this was an open-ended question, responses received ranged from records, to championship titles, to “we did well.” Therefore, this question was not included in the results, as we could not identify its real value.

*Regression Analysis***Table 13: Regression**

| <i>Regression Statistics</i> | | | | |
|------------------------------|-------------|--|--|--|
| Multiple R | 0.463746104 | | | |
| R Square | 0.215060449 | | | |
| Adjusted R Square | 0.1830221 | | | |
| Standard Error | 1.477679502 | | | |
| Observations | 52 | | | |

| | <i>Coefficients</i> | <i>Standard Error</i> | <i>t Stat</i> | <i>P-value</i> |
|------------------|---------------------|-----------------------|---------------|----------------|
| Intercept | 1.684509095 | 0.350345179 | 4.808141214 | 1.48883E-05 |
| Sponsorship 2009 | 0.213165487 | 0.058220491 | 3.661348123 | 0.000614365 |
| Number Students | -3.4315E-05 | 0.000198311 | 0.173035982 | 0.86333595 |

Figure 1 shows the regression results. The results indicate that the two predictors used, sponsorship during 2009 and the number of students enrolled in high school, explained 21.51% of the variance in Division 1 scholarships. The results likely were not obtained by chance (Significant F=.002). From the regression, we can assume that sponsorship from 2009 is significant in explaining Division 1 Scholarships ($p < .05$).

Summary

This study collected survey information from schools in Arkansas and Oklahoma. There were more respondents (57%) from Arkansas than Oklahoma (43%). This variation could be due to repeat responses from schools that had both an athletic director and principal complete the survey, or perhaps because there was a greater tie with Arkansas since the survey was produced by a University of Arkansas student. Schools from all class designations were represented, mostly in the Class 6A bracket (30%). Varying greatly were the population of students and the surrounding community, as well as number of sports offered by athletic programs from school to school. Most schools surveyed come from rural areas with 10,000 people or less in their communities.

This study showed that the most common form of revenue generation among these high school athletic programs was fundraising. Corporate sponsorship was also a widely used form of generating budget funding for athletic programs in high schools. The percentage of respondents participating in fundraising and sponsorship were higher than those of Pierce and Brussell's study. When asked whether revenue is generated more by corporate or local business, only 2% of survey respondents said that they received more from corporate sponsors. The overwhelming majority of respondents were from public institutions.

More than half of survey respondents that participate in corporate sponsorship said that it only accounts for less than 5% of their total athletic program budget, but a slim portion generated over one fourth of their budget by sponsorship. When asked how much revenue sponsorship generated over the last 3 years, the majority of respondents said they generated revenues under

\$5,000. It is interesting that there was a significant gap between the percentage of respondents in the \$1-\$4,999 interval compared to all the rest. However, the fact that schools generating over \$50,000 were the third largest interval is important to note. The smallest amount sponsors were spending is \$5, and the largest amount was \$25,000. Schools had sponsors at all ends of the spectrum.

Athletic directors frequently had the role of generating sponsorships; however some respondents were unable to identify the amounts of revenue generated by sponsorship because their coaches were the ones in charge of getting sponsors. Booster clubs and head coaches were also involved in getting sponsorships for athletic programs. 3rd party marketing companies, school boards, and principals were not widely used in interscholastic athletic sponsorship. There were many benefits to becoming a sponsor of high school athletic programs. Some of these included stadium signage, game program recognition, radio or webcast recognition, advertising on promotional items such as schedule cards, season tickets, etc. Benefits rarely used by sponsors according to respondents included placing logos on uniforms facility naming rights, and selling products at athletic events. There were many different types of companies that used secondary athletic sponsorship as a method to advertise and be part of a community. Banks were the most common type of business to be a contributor. Insurance, car dealerships, food, medical centers and soft drinks were also types of companies recorded as sponsors for high school athletic programs. As you might predict, football generated more revenue than other sports when sponsorships were not distributed evenly among sports. Less than 20% of survey respondents said that they participated in naming rights of facilities or stadiums, lower than I anticipated.

Just over 10% of respondents said that they do not participate in corporate sponsorship. The two main reasons most respondents said they do not solicit sponsorship is because their school has not developed a plan for soliciting or administering a sponsorship program and that there are no businesses in the area from which they could solicit sponsorship. Regression analysis indicated that the sponsorship generated from 2009 was significant in predicting the amount of Division 1 Scholarships received in 2011.

Recommendations

There are several ways this research could be used to create and implement policies within school districts. First, I would suggest that school districts, if they have the resources available, should incorporate the use of naming rights within their districts. This is an easy way to make a large amount of money without any real cost to them. Schools are making hundreds of thousands of dollars a year using this mechanism for sponsorship. Also, with the responses received regarding the types of companies that are sponsors for athletic programs included that of soft drinks and food, there may be a way to impose restrictions for what types of companies should be allowed to sponsor/advertise within school facilities and on program websites to promote healthy lifestyles. Since 89% of schools have responded that they do participate in corporate sponsorship, maybe school districts should allot an employee within that school district to be responsible solely for prospecting and seeking out sponsorships.

Limitations

There are several limitations to this research. In order to have a large enough sample for this research from the obtained contact information of athletic directors and principals, we were not able to use a stratified sample or random sampling. Also, surveys are subjective and may not be an accurate indicator of the real amounts of money being accumulated through use of sponsorships. Further, the research is not designed around one focus within sponsorship. This

study attempts to collect new information about sponsorship in interscholastic athletics, asking a wide variety of questions. While it will be beneficial to get answers to all of the questions being asked in the survey, it is possible that there are so many variables, it clouded being able to deeply analyze the results and give them meaning. There may be asymmetric information that athletic directors and administrators did not want to share as well. Another limitation to this research study was the presence of survey fatigue. While analyzing the results, it was apparent that the further down the survey you got, the smaller number of respondents there were. Though this survey was fairly short and questions were kept simple, respondents still skipped questions the further they got. Therefore, some of these respondents' answers had to be thrown out. Finally, there were some variables that skewed results. For example, because surveys were sent to both Athletic Directors and Principals, there were a few schools that had both an athletic director and administrator complete the survey, so their schools' information was recorded in the results twice. It is important to highlight the fact that 98% of respondents claimed that their sponsorship is generated more from local business than corporate. Since this study is supposed to be focused around corporate sponsorship, the results may be misleading. Additionally, 11% of respondents said that they do not participate in sponsorship at all, which had an impact on results. It might be possible to get initial background information on a school's athletic program and their fundraising/sponsorship use and only survey those schools that do participate in this research to further understand this practice.

Future Research

Using a stratified or random sample in the future will increase the validity of research. While this research looks at many variables that are associated with sponsorship, it would be beneficial to focus on specific areas within this research and collect further data. As stated previously, the purpose of this study is to collect information touching a number of variables associated with sponsorship of high school athletics. It would be useful for future studies to concentrate on specific variables to develop a better understanding of the direct impact corporate sponsorship has on that variable. For example, a study could be conducted analyzing the relationship between the amount of corporate sponsorship raised by a school and how many athletes are given scholarships to Division I collegiate programs. A study might focus on naming rights, or other specific aspects of sponsorship. It would be interesting to study the relationship between corporate sponsorship and how affluent the community and the students in the school are. Also, it would be better to use questions that are not open ended in surveys. With the open-ended questions that were used in the survey for this study, it was difficult to find a relationship between number of scholarships, size of school, or win-loss records with corporate sponsorship. If open-ended questions are allowed, then the survey should be set up to only allow a numerical value or specific information you are looking for. Continuing with the format of the survey, since discovering the survey fatigue respondents experienced during this survey, though it was pretty easy and simple to fill out, there are several ways to alter the survey to get better results. First, it might be beneficial to put the most important questions first so that participants have not yet become fatigued. Secondly, it could be helpful to create a survey that forced the participant to respond to the current question before moving forward. Though this could increase the amount of participants that drop out before completing, it may be an effective method to collect better data. Lastly, future researchers may want to research the area previous to conducting a study to see if respondents are located in an area where corporate sponsorship is present, or broaden their research just to business sponsorship in general, not limiting it to corporate.

Conclusion

All in all, it is evident that corporate sponsorships are standard practice among secondary school athletic programs. This study was able to make some inferences and collect information about the use of sponsorship in high school athletics. By examining key questions in understanding how corporate sponsorships are implemented within high school athletics, this research can hopefully aid in understanding how to balance the business incentive corporations have with a nearly unlimited supply of high schools and its influence on secondary school athletic programs. After analyzing the data, suggestions were made to implement new ways to create a fair system for schools when selling and receiving sponsorships so that school districts can maximize sponsorship use in the best way possible. Recommendations for future research about corporate sponsorship include using a sampling method, formatting survey question order by most important to less important questions to overcome survey fatigue, and narrowing the focus of study to a specific area of sponsorship to learn more about that portion of the issue. One thing is for certain. Research about interscholastic athletics is an important topic that will hopefully continue to be studied and more information will be collected to better understand its use in secondary school athletics.

Appendix

1.1 Pierce & Brussell Sample Research Questions – some of the questions used in the Pierce & Brussell study

- (1) What percentage of interscholastic athletic departments utilizes corporate sponsorship, fundraising, and participation fees?
- (2) What are the salient demographic factors that predict which schools are likely to solicit corporate sponsorship, implement fundraising initiatives, and charge participation fees?
- (3) Why do athletic directors solicit corporate sponsorship?
- (4) What benefits do sponsors receive in return for their investment?
- (5) How much revenue is generated annually from corporate sponsorship? What factors predict a large amount of sponsorship revenue generation?
- (6) Who is responsible for selling sponsorship in high school athletic departments?
- (7) Why do some athletic departments choose to not pursue sponsorship? How likely are these athletic departments to pursue sponsorship in the future?
- (8) What are the salient demographic factors that predict which schools are likely to have a philosophical opposition against soliciting corporate sponsorship?

1.2 Corporate Sponsorship in High School Athletics Survey Questions

- (1) Which State are you located in?
- (2) What is your position within the school?
- (3) How many students attend your high school?
- (4) What class designation is your school?
- (5) How many students participate in athletic programs?
- (6) How many sports does your athletic department offer?
- (7) Is the institution public or private?
- (8) What is the population of the community surrounding your school?
- (9) Are you receiving more, less, or the same amount of funding from the school board compared to that of last year?
- (10) Does your school charge participation fees for sports?
- (11) Does your school participate in fundraising?
- (12) Does your school participate in soliciting corporate/local business sponsorship?
- (13) How much revenue have you generated exclusively from corporate sponsorships in the past 3 years?
- (14) What percentage of your athletic budget is generated by corporate sponsorship?
- (15) Has your school used sponsorship as a way to counterbalance funding cuts for athletic programs?
- (16) Who is in charge of selling sponsorships from businesses?
- (17) How much did your largest contributor give this year?
- (18) How much did your smallest contributor give this year?
- (19) What do your sponsors receive in return for their donations? What are the benefits?
- (20) Are your donations received more by corporate or local business?
- (21) Does your school participate in naming rights?
- (22) How did your athletic programs finish last year (win-loss record)?

- (23) How many student athletes received Division I collegiate athletic scholarships last year? 2011-2012, 2010-2011, 2009-2010
- (24) Are your corporate sponsorships dispersed evenly across sports? If not which sport accumulates the most amount of revenue?
- (25) What types of companies are sponsors for your athletic programs? Mark all that apply (Soft drink, car dealerships, food, etc.)
- (26) If your school does not participate in corporate sponsorship, what are the reasons?

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