

# Chapter 6

## The Effectiveness of Sponsorship of the F1 Singapore Grand Prix: Recall and Recognition

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### ABSTRACT

*This article examines the effectiveness of sport sponsorship at the 2014 F1 Singapore Grand Prix, particularly by testing recall and recognition of brands on cars, driver's clothing and venue. Data was gathered from 120 undergraduate students who were asked to watch a 30-second video first and complete the questionnaires. The multivariate analysis of variance revealed that cars and driver's clothing were found to be more effective locations for brand awareness. There was significant differences in both recall ( $\Delta M = 1.28, p < .05$  and  $\Delta M = 0.80, p < .05$ , respectively) and recognition ( $\Delta M = 2.15, p < .05$  and  $\Delta M = 1.47, p < .05$ , respectively). These findings help present or potential sponsors review the benefits and costs associated with this channel of sponsorship and maximise their sponsorship investments on F1 teams or the Singapore Grand Prix in the future.*

### INTRODUCTION

Sponsorship activities have increased over the past two decades. Sponsorship is a rising trend around the world and has become a sophisticated business with a large amount of marketing dollars at stake, accounting for an estimated expenditure of up to US\$55.3 billion in 2014 (Statista, 2015). The majority of sponsorship investments around the world has been conducted in the sport industry, and the worldwide spending on sports sponsorship is projected to increase rapidly (Mullin, Hardy, & Sutton, 2014). Various

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reasons contribute to why sponsors are leaning towards investing particularly in sporting events. A live sport event provides sponsors opportunities to create a more intimate or proximal relationship with the audience, such that fans and spectators are more receptive to messages than outside the arena (Fortunato, 2013). Sponsorship through sporting events is also highly beneficial for sponsors as it is able to create a more positive impression and association through image transfer as compared to sponsorship in non-sporting events (Mullin et al., 2014). It is thus apparent that a mutual benefit is evidenced between the sponsor's brand and the sport property, whereby corporations leverage sport via sponsorship investments for effective branding and growing market share while sport teams, leagues and associations rely on sponsors as a major source of revenue (Fortunato, 2013).

In line with the increase in sport sponsorship investments, there has been a growing interest in both industry and academia in determining the measurable returns to the sponsor (Garland, Charbonneau, & Macpherson, 2008; Walraven, 2013). One of the methods to evaluate sponsorship effectiveness is to measure the change in brand awareness as this change can be attributed to sponsorship activities (Madrigal, 2000; Pascale, 1997). A popular way to measure brand awareness is to utilise recall and recognition techniques (Pitts & Slavery, 2004). Brand recognition, also known as aided-recall, refers to a consumer's ability to remember past exposure to certain brands or logos and is measured with an aided technique where subjects select the brands/logos they recognise among many others including dummies listed in the questionnaire (Aaker, 1992; Walsh, Kim, & Stephen, 2008). Brand recall, on the other hand, is the ability to correctly retrieve the brand name from memory without any prompts or mention of any further information such as product category or other brand choices (Aaker, 1992).

One of the more prominent live sport events today is the Formula One™ (F1) motor sport racing. It is one of the highest-profile and most expensive sporting events in the world with a large worldwide audience and fan base (Donahay & Rosenberger, 2007). The F1 Singapore Grand Prix was held in Singapore for the first time in September 2008. It attracted about 80,000 spectators and generated an increase of about SG\$100 million in tourism receipts (Cheng & Jarvis, 2010; Lin, Kaur, & Tien, 2014). In a cosmopolitan country with a thriving economy like Singapore, the introduction of this high-profile sport is an attractive platform for sponsorship activities. Yet while the 2014 F1 Singapore Grand Prix is the 7th consecutive race held in Singapore, little prior studies have been conducted to investigate the sponsorship effectiveness with regard to the F1 Singapore Grand Prix.

It is a current trend that sport events with a large audience base are increasingly becoming the epicentre of sponsorship or logo showcasing (Choi, 2006). An average of 127 seconds of sponsor logo exposure at such events is able to achieve the same effect as a 30-second television advertisement (Olson & Tjomoe, 2009). Thus, sponsors often compete for better locations achieving maximum brand exposure such as space on players' clothing, equipment and site venues. In light of the increasing competitiveness of sponsorship industry, it is crucial to examine which are effective locations for logo placement in this mega sporting event.

In today's competitive world of sport sponsorship, it is important for sponsors to learn more effective and efficient ways to reach their target audience. Despite the surfacing of various measurement and evaluation techniques for effective sport sponsorship, many brand owners still fail to capitalise on the full potential of their sponsorship investments (Kolah, 2003). Therefore, the purpose of this study was to examine the effectiveness of sport sponsorship for the 2014 F1 Singapore Grand Prix, particularly analysing recall and recognition of brands on cars, driver's clothing and venue. Results derived from this study can be used to evaluate sponsorship effectiveness in the F1 Singapore Grand Prix in particular. In

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