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# The Value of Winning in Motorsports: Sponsorship-linked Marketing

Corporate sponsorship of events, especially sports, has become a commonplace marketing communications tool. Still at question in sponsorship-linked marketing programs is the economic value of the firm. Also largely unexamined in marketing research on sponsorship is the impact of participation outcomes. For example, is it more valuable to the firm to sponsor a winner, or is it simply participation and, thus, exposure that brings value to the firm? This study presents an analysis of the share-price impact of sponsoring the drivers in the Indianapolis 500 mile race to assess the value of motorsports victories and participation within a firm's sponsorship-linked marketing strategy. This approach allows the use of historical data in the analysis of the value of sponsorship. While the findings of the study suggest that autoracing sponsorships involving products that are not closely linked to the automotive industry probably offer little chance for increasing overall corporate valuations, sponsors with logical or matched ties to the consumer automotive industry registered statistically and economically significant gains in their share prices around the time of their sponsorship victories.

"Win on Sunday, Sell on Monday"—an old adage founded by Detroit's automakers, which has withstood the racing test of time.

—Economaki, 1997

**DURING THE FRENZIED GROWTH** of sponsorship-linked marketing programs over the past two decades, sports have consistently garnered two-thirds of all corporate sponsorship dollars (Smith, 1999). For example, in the United States, the value of sports sponsorships dominates all other areas of sponsorship-linked marketing activities with investments of \$4.55 billion in sports as compared to the \$675 million, \$578 million, and \$544 million invested in the marketing of entertainment tours, festivals and fairs, and public causes, respectively (IEG *Sponsorship Report*, 1998).

Within the broad spectrum of sports marketing campaigns, motorsports have proven to be an especially popular form of sponsorship-linked marketing. Perhaps due partly to the fact that motorsports are the fastest-growing spectator sport in the United States (Economaki, 1997), partly to the unprecedented brand loyalty exhibited by motorsports fans (D'Orio, 1997), and partly due to the high visibility offered sponsors on the "rolling billboards" known as race cars, motorsports have received the lion's share of the dollars devoted to sports marketing. Indeed, in 1998 alone, investments in motorsports marketing campaigns exceeded \$1.009 billion, a figure that dramatically exceeded the \$578 million marketing investments in professional sports leagues and teams and the \$675 million devoted to professional golf (IEG *Sponsorship Report*, 1998).

The purpose of this study is to quantitatively assess the value of winning a motorsport event

within a firm's sponsorship-linked marketing strategy. While, in general, sponsorships are typically seen as useful in building brand awareness, brand image, and corporate image (see, e.g., Quester, 1997), to date no study has attempted to examine the value of winning in a sponsored sporting event. Although this dearth of research is almost certainly the result of the highly proprietary nature of individual product sales data, it is unfortunate since winning would probably be considered to be the primary objective of most sports from the standpoints of both athletes and spectators and, presumably, advantageous to sponsors as well. Further, although qualitative measures of marketing sponsorship success evaluation such as pre-/post-exposure consumer surveys, print media "clipping" services, and broadcast media exposure analyses have been employed by marketing practitioners for years, many important questions concerning the market valuation of sponsorship relationships have yet to be addressed.

Stock price changes offer a measure of sponsorship success free of some of the biases inherent in more subjective metrics. By their buying and selling decisions, investors make judgments concerning the impact of various market events upon the sales, net revenues, and riskiness of the affected companies. In the case of the Indianapolis 500, the net-of-market changes in the stock prices of the sponsors of the winning drivers will provide crucial insights into the market's independent assess-

ment of the overall value of the victories to the sponsoring corporations. Indeed, Mathur, Mathur, and Rangan's (1997) analysis in this journal of the positive stock price effects of signing Michael Jordan as a celebrity endorser is a prime example of the use of just such a quantitative methodology in a marketing research paradigm.

While it is probably true that the majority of motorsports sponsors do not choose to engage in sponsorship activities with the primary view of enhancing stock prices any more than companies chose to sign Mr. Jordan as a celebrity endorser for the same reason, it is clear that marketing managers and advertising executives employ the use of sponsorships to improve the results of the sponsor's marketing efforts. However, to the extent that *successful* sponsorships eventually translate to increased sales, they must also lead to quantifiable improvements in the overall economic fundamentals of the sponsoring companies. Like it or not (and it is doubtful that many CEOs do), investors' and pension fund managers' increasingly intense demands for "better performance" ultimately translate to one basic metric—the stock price of the firm.<sup>1</sup>

#### AUTORACING AND SPONSORSHIPS

Given the popularity of autoracing, the very high costs of maintaining a racing team—reports that sponsorships for Indy cars range from about \$200,000 to more than \$7 million (Salomon, 1995)—and the obvious ability for race cars (and the safety suits worn by the drivers themselves) to deliver myriad advertising messages, sponsorships and the sport of autoracing have existed in a symbiotic rela-

tionship for decades. Meenaghan's (1983) definition of sponsorship as "the provision of assistance either financial or in-kind to an activity by a commercial organization for the purpose of achieving commercial objectives" almost certainly applies to all forms of autoracing sponsorships and is accepted here without further comment.

While sponsorships may be differentiated operationally from traditional advertising, it is likely that the objectives of most sponsorship programs are, with few significant exceptions, broadly similar to the intended objectives of most advertising campaigns (Meenaghan, 1983). Like advertising, sponsorships may be undertaken to increase public awareness of a firm and/or alter a previously established corporate image, to increase corporate sales, or to increase media-exposure levels. By associating their products with a fast, young, exciting, and technologically advanced sport, sponsors may hope to link their products with exactly these characteristics.

Although similar to advertising with respect to intended objectives, various factors may lead companies to choose sponsorship campaigns over more traditional print or broadcast messages. In the context of autoracing, these factors include the facts that racing sponsorships link the sponsoring company/product to the sport, that racing sponsorships allow sponsors to develop programs of unique appeal that are isolated from traditional media clutter, that sponsorships employ a largely "mute" and distinctly indirect persuasive message, that sponsorships are often perceived to be subject to less corporate control than is traditional advertising (and, thus, are more likely to be perceived as inherently "honest"), and that the auditory and visual messages resulting from an autoracing sponsorship are continuously presented to the target audiences

during the event. (See, e.g., Gardner and Schuman, 1987; Meenaghan, 1983, 1991, 1996; and Crimmins and Horn, 1996.)

Two possible objectives of sponsorships that are not typically shared with advertising include marketing-related "hospitality" and the advancement of the personal agendas and interests of top executives. First, concerning hospitality, sponsorships may allow a venue where corporations entertain major current and/or potential customers, suppliers, or governmental policy makers. Hospitality tents have long been a fixture in championship car racing and may create unique opportunities to either reward current stakeholders and/or curry favors from prospective ones.

Second, it is quite clear that sponsorships, unlike most traditional forms of advertising, offer significant opportunities for senior managers to indulge their personal preferences at the expense of common shareholders. Indeed, whether it be golf or tennis tournaments, the Olympics, or race cars, the senior executives of sponsoring companies obviously enjoy many non-pecuniary benefits as a result of their firms' sponsorship activities. While researchers such as Crimmins and Horn (1996) suggest that such "ego" or agency-cost explanations for sponsorships are less prevalent today than in the past, the literature in economics, finance, and accounting is rife with examples of the excessive consumption of similar perquisites by top managers—the vast majority of whom own far less than 1 percent of their company's common shares. As Jensen and Meckling's (1976) seminal article on agency losses and the costs of monitoring makes clear, managers who own less than 100 percent of their firm's common shares will always be tempted to consume excessive perquisites (such as engaging in greater than economically optimal levels of sponsorship activities) since they re-

<sup>1</sup>For example, the removal of Procter and Gamble CEO Durk I. Jager on June 8, 2000, after only 17 months on the job, was due almost entirely to a collapse in the firm's share price over the previous six months.

ceive 100 percent of the benefits from such activities but pay only a fraction of the associated costs. Indeed, there is significant evidence from the history of autoracing (and, especially, from the archives of the Indianapolis 500) that high-level executives have frequently indulged their personal fancies and sponsored cars and drivers without regard for the economics of the sponsorships.<sup>2</sup>

## PREVIOUS RESULTS

### Related studies of shareholder wealth creation

While no previous empirical studies of the shareholder wealth effects of motorsports participation have appeared in the literature, several efforts with related thrusts are discussed here. In one recent study, Agrawal and Kamakura (1995) perform an event-based analysis of the shareholder wealth effects of 110 publicly-announced celebrity endorsement contracts. The positive and statistically significant abnormal returns (about 0.44 percent on the date of announcement) registered by the signing firms support the hypothesis that celebrity endorsements are generally interpreted by financial market participants as economically viable investments.

Farrell and Frame (1997) conducted an

event-time analysis of the wealth effects of Olympic sponsorship announcements. Using 26 of the public announcements of corporate sponsorships for the 1996 Atlanta Summer Olympic Games as their experimental stimulus, Farrell and Frame's findings of negative and statistically significant share price effects around the time of the announcements (event days 0 through 2) strongly suggest that, overall, "utilizing Olympic sponsorships in the marketing communications mix may not be value-enhancing" and that the sponsorships undertaken by these firms may have been initiated with the self-interests of the firms' top managers a paramount consideration. Attempts to regress the abnormal returns registered by the sponsoring firms and select agency-related variables (such as the percentage of managerial ownership and the presence of outside directors) provides weak support for the agency monitoring hypothesis, as significant equity ownership by institutional investors is positively related to the abnormal returns. Interestingly, particularly given the theoretical relationships suggesting the importance of product/event linkages in the determination of sponsorship effects, no attempts were made to relate abnormal returns to marketing-related firm- or product-specific variables.

### Studies examining sponsorship success<sup>3</sup>

Research examining the value of sponsoring racing events includes a study of motorcycle racing (Arthur, Dolna, and Cole, 1998) and one of Formula One racing (Quester, 1997). Quester's study of Adelaide Formula One Grand Prix racing examined traditional consumer aware-

ness aspects of sponsorship effectiveness, whereas the study by Arthur et al. examined an aspect of racing performance with regard to sponsorship value to the firm. Arthur et al. (1998) examined the relationship between a motorcycle rider in a road race and the rider's television exposure during the race. Results indicated that, on average, leading motorcycles received significantly more coverage than those less competitive contenders. The researchers conclude that it is to the sponsor's advantage to strive for the highest-placed-finish possible. Naturally, the value of sponsoring a competitive motorcycle/rider combination over a not-so-competitive association assumes that the logo or signage of the sponsoring firm is clear and recognizable.

A series of studies conducted by Stipp and Schiavone (1996), Stipp (1998), and Schiavone, Hart, and Stipp (1998) first model and then empirically test the influence of major Olympic sponsorships on consumer attitude formation. Unlike the case of the more quantitative and shareholder-focused Farrell and Frame (1997) results discussed above, these studies clearly document the ability of Olympic sponsorships to enhance corporate image. Specifically, the model and associated findings suggest the presence of a direct and positive relationship between the degree of corporate image enhancement and the "extra" benefits (e.g., the Olympic "halo effect") associated with running a highly visible, high-quality advertising campaign.

### Sponsorship linking

There have been numerous suggestions of the idea of sponsorship linking in discussions of sponsorship effectiveness (Crimmins and Horn, 1996; Cornwell, 1995; Otaker and Hayes, 1987) but only recently has this linkage been examined empirically (e.g., McDaniel, 1999; Johar and Pham,

<sup>2</sup>(Although many examples of this sort abound, the most obvious would appear to be Beatrice's sponsorship of the Newman/Haas Racing Team [featuring driver Mario Andretti] in 1984. Interestingly, the forced removal of James Hutt [an unabashed "racing fanatic"] as the CEO of Beatrice in August of 1985 was blamed on his initiation of an "incredible" \$20 million per year sponsorship. Beatrice share prices surged over 9 percent over the two days around the time of Hutt's forced "resignation." [The S&P 500 actually fell about 2 percent over the same two days.] While, certainly, some of this increase in value was due to the elimination of the resource drain of the sponsorship program—estimated at over \$70 million over three years—it is also likely that Hutt's termination provided investors with an unambiguous signal that shareholder wealth maximization, the assumed economic goal of any corporation, would no longer be subsumed by the pursuit of wasteful managerial whims. See, e.g., Miller [1985] for a thorough discussion of the specifics of this interesting case.)

<sup>3</sup>The literature on sponsorship is extensive. Interested readers are referred to the special issue of the International Journal of Advertising, Volume 17, 1998, for a general overview of this important work.

1999). Otkar and Hayes argue that the nature of the link between a company and an event ranges along a continuum. Paraphrased and interpreted discussion and quoted examples from Otkar and Hayes follow (1987).

*Strongly linked*—products are those where the product or product performance is demonstrated in the sponsored event. "This sport involves running fast, running fast is made possible by Adidas shoes, and Adidas are [sic] sponsoring it."

*Linked, but not strongly*—where the product exhibits some reasonable relationship to the event. "This sport is brought to you by video, Philips video cameras are recording it, and Philips is sponsoring it."

*Nonlinked*—where the product is related to the event by a relationship to the image of the event or demographics of the event audience. "This sport is played by virile people, virile people smoke Marlboro, and Marlboro is sponsoring it."

Most recently, the idea of linking has been studied under the schema congruence theory. McDaniel (1999) investigated a match-up hypothesis where the perceived match of brand attributes with the sponsor's attributes influences consumer response to such marketing communications. In a study of students' attitudes after exposure to mock stimuli, findings showed that, for a known brand of automobile, attitude toward the advertisement was significantly different when the automobile was paired with the Olympics rather than with NHL hockey or PBA bowling. These findings suggest that consumers do attend to the relationship between the sponsor and sponsee and evaluate higher a matched over a mismatched relationship (at least with regards to advertising). Likewise, Johar and Pham (1999), in their study of consumer-information processing, have shown rather convincingly that consumers utilize

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the relatedness of a product and sponsor, as well as the prominence of a brand in sponsor identification. However, not all authors agree that event linking is important. Crimmins and Horn (1996) argue that the nature of the link is less important than the marketer's effort to articulate a relationship. In other words, it is not necessary to find a strong link, some products may not have them, but rather it is important to build an interpretation of the sponsorship-linked marketing program through advertising. The work of Stipp and Schiavone (1996) and Stipp (1998) would appear to provide significant support of this hypothesis.

In light of the previous findings on the value of sponsorship-linked marketing programs to firms and to shareholders, we offer the following research questions:

1. Does winning a sponsored event such as the Indianapolis 500 represent an economically valuable asset to the firm?
2. What is the influence of uncontrollable aspects of motorsport participation such as close finishes or surprise winners?
3. What is the influence of controllable aspects of motorsport participation such as the corporate sponsors' match to the event?

Preliminary answers to each of these questions are presented in the empirical sections that follow.

### **THE INDIANAPOLIS 500**

The Indianapolis 500 mile race is the largest one-day sporting event in the world, with an annual attendance of about 400,000 people and a worldwide media audience. Always the crown jewel of

open-wheel racing in the United States, the May race at the Indianapolis Motor Speedway (IMS) features open cockpit race cars with an engine displacement of 161 cubic inches (precision tuned to yield upwards of 800 horsepower) and is run on a two and one-half mile rectangularly shaped oval. Inaugurated in 1911, the Indianapolis 500 has been run every year except for the war years of 1917–1918 and 1942–1945 and has long featured the largest cash purse in all of sport (\$8,722,150 in 1998).<sup>4</sup> In total, some 39 drivers and 14 mechanics have died in the chase for speed, riches, and immortality at "The Greatest Spectacle in Racing."

There are a variety of reasons the Indianapolis 500 was selected as the motorsports event employed in this analysis. First, by virtue of its history, purse, and the extraordinary level of both the national and international broadcast and print media coverage given to the race over the entire month of May every year, the Indianapolis 500 is generally considered to be the single most important and prestigious automotive race in the world. Indeed, the Indianapolis 500 is the only extant automotive race to which a separate article is devoted in the *New Encyclopaedia Britannica*. Second, unlike the other major forms of automotive racing such as NASCAR and Formula One, in which several races of more or less equal stature are contested during a given racing season, championship car racing is completely dominated by the aura of the Indianapolis

<sup>4</sup>The last two winners of the race, Eddie Cheever (1998) and Arie Luyendyk (1997) received winner's checks of \$1,433,000 and \$1,568,150, respectively, totals that exceed the entire purse at any other race in the CART/IRL series. Source: "Speednet," a web-based sports news information resource published by the Indianapolis Star/News.

500. Third, the "500" is decidedly international with respect to both participation and sponsorship, as 8 of the 36 races over the 1963 to 1998 time period were won by foreign-born drivers. Major foreign sponsors have included Lotus Cars, Sanyo, Carta Blanca, Canadian Tire, Toshiba, Nestle, Samsung, Molson, Panasonic, Player's Ltd., AGFA, and Honda, among several others. Clearly, no U.S. auto race features a larger international presence than the Indianapolis 500. Fourth, because the Indianapolis 500 has never had an overall event title sponsor, a study of this event is necessarily cleaner and less cluttered for an examination of the valuation impacts on the participants' sponsors. Finally, since the University of Chicago's Center for Research in Security Prices (CRSP) tape of U.S. stock prices is the only commercially available information source of daily stock price data that reaches sufficiently far back in time (1963) to conduct an adequate experiment, winners of the Indianapolis 500 may be examined while events such as Formula One races, the majority of which are sponsored by international firms, cannot be subjected to quantitative analysis at this time.

## DATA

Most data on the major sponsorships, winners, qualifying speeds, race dates, and other pertinent information concerning the Indianapolis 500 employed in this analysis were obtained from the 1997 Edition of the *500-Mile Race Record Book*, published annually by Indianapolis Newspapers, Inc., the parent company of both *The Indianapolis Star* and *The Indianapolis News*. In addition, for data analysis purposes, select information concerning the exact identity of certain sponsors with potentially ambiguous names was obtained directly from the Indianapolis Motor Speedway Archives via Donald Davidson, IMS Historian. Lastly, specific ownership data

for brands and subdivisions of sponsoring companies was recovered through archival data for each sponsor for the period of the sponsorship.

The initial research sample for the study consisted of all 36 winning sponsors of the Indianapolis 500 over the 1963 to 1998 time period. Sponsors of "500" winners prior to 1963 were not collected since the University of Chicago's CRSP daily stock price data tapes—the source for the stock return information employed in the analysis—do not include data prior to July 1962. From this sample of 36 winning sponsors, 8 were subsequently excluded from the analysis since stock return information for these firms was not reported on the CRSP tape. Although the final sample of 28 winning sponsors could not be considered large, it is well within the empirical guidelines established by leading researchers utilizing similar methodologies. For example, in the marketing literature, Farrell and Frame's (1998) study of the wealth effects of Olympic sponsorship announcements included 26 firms. Table 1 presents a summary of the calendar dates, winning drivers, and primary sponsors of the 28 races analyzed below.<sup>5</sup> In addition to the 28 winning sponsors, data for 232 publicly traded sponsors for the remaining (non-winning) cars over the same 28 races was also collected and separately analyzed.

## EMPIRICAL METHODOLOGY

The event study methodology employed in this study to analyze the stock price

impact of winning at the Indianapolis 500 has enjoyed extremely wide acceptance in the fields of finance, accounting, economics, and insurance. (As noted above, Mathur, Mathur, and Rangan [1997] employed an identical methodology to assess the stock prices effects of Michael Jordan endorsement contracts.) Commonly referred to as the "market model," the methodology involves the estimation of a time-series of stock market returns to measure the effects of events (in this case, sponsorship wins at the Indianapolis 500) upon the stock prices of firms.<sup>6</sup> A regression between the stock returns of each Indianapolis 500 winner's major sponsor and the return of the CRSP value-weighted market index of all stocks on the CRSP tape, the parameters of which were estimated over a 150-day time period commencing 170 days prior and ending 21 days prior to the date of each race, was employed to extrapolate expected stock returns in the absence of the win over a 41-day interval beginning 20 trading days prior and ending 20 days following each race.<sup>7</sup> The stock price effects of each Indianapolis 500 win on the major sponsors were then obtained by the model.

After these differences, or abnormal re-

<sup>6</sup>The relationship between "stock prices" and "stock returns" may be formalized as  $R_t = (P_t - P_{t-1} + D_t)/P_{t-1}$ , where  $R_t$  is the observed stock return on event day  $t$ ,  $P_t$  and  $P_{t-1}$  are the prices of the stock on event days  $t$  and  $t - 1$ , respectively, and  $D_t$  is any cash dividend or other cash distribution paid on event day  $t$ .

<sup>7</sup>While "event windows" of varying sizes are employed in the literature, Monte Carlo simulations by Brown and Warner (1985) and others clearly document the importance of selecting the smallest possible window in any empirical study in order to most fully isolate the impact of the examined event from the general macroeconomic factors also known to affect stock prices. The 41-day event window initially examined in this study encompasses all of the practice and qualifying runs made by drivers prior to the actual race as well as allows for a full trading month of post-race stock price adjustments. Following standard practice, a much shorter and more precise event window of only five days (-2 to +2) is employed in the conducted regressions. As Brown and Warner note, event-window length and empirical precision are inversely proportional.

<sup>5</sup>The 1981 "500" presented a special case deserving of further discussion. Mario Andretti was declared the winner by the IMS when the official results were posted on the Monday morning after the race. Bobby Unser, having been "unfairly" penalized a lap for violating the pit road "blending rule," appealed Andretti's victory in a series of venues, finally winning "in the court of last resort" by a 2-1 ruling in October of that year. Andretti remains the assumed winner of the race in this study since capital market participants were obviously unaware at the time of the race that Unser would eventually prevail in court some five months after the fact (the IMS had never previously lost an appeal).

**TABLE 1**  
Winners and Sponsors of the Indianapolis 500 Mile Race

Year	Driver	Sponsor
1964	A. J. Foyt	I.T.T./Sheraton Hotels
1965	Jim Clark	Lotus Cars/Ford Motor Company
1967	A. J. Foyt	I.T.T./Sheraton Hotels
1969	Mario Andretti	STP Oil Treatment
1970	Al Unser	Johnny Lightening
1971	Al Unser	Johnny Lightening
1972	Mark Donohue	Sunoco/McLaren
1973	Gordon Johncock	STP Double Oil Filter
1975	Bobby Unser	Jorgensen Steel
1978	Al Unser	1st National City Bank
1979	Rick Mears	Gould
1980	Johnny Rutherford	Pennzoil
1981	Mario Andretti	STP Oil Treatment
1982	Gordon Johncock	STP Oil Treatment
1983	Tom Sneva	Texaco
1984	Rick Mears	Pennzoil
1985	Danny Sullivan	Miller Beer
1986	Bobby Rahal	Budweiser Beer
1987	Al Unser	Cummins Engine
1988	Rick Mears	Pennzoil
1989	Emerson Fittipaldi	Marlboro
1991	Rick Mears	Marlboro
1992	Al Unser, Jr.	Valvoline
1993	Emerson Fittipaldi	Marlboro
1994	Al Unser, Jr.	Marlboro
1995	Jacques Villeneuve	Player's Limited
1996	Buddy Lazier	Delta Faucet
1997	Arie Luyendyk	Sprint

turns, were calculated for each of the  $i$  firms in the sample ( $AR_i$ ), they were aligned in "event time" with the first trading day following each race serving as the day  $t = 0$  reference point. Thus, the mean abnormal return ( $MAR$ ) for event day  $t$  is

merely the average of the abnormal returns for each of the  $i$  firms for any day  $t$  over which the impact of the sponsors' race wins are observed. The mean cumulative abnormal return ( $MCAR$ ) for event days  $t_1$  to  $t_2$  was calculated by summing

the mean abnormal returns between each of these dates of interest. Both short-run (event days  $-2$  to  $+2$ ) and long-run (event days  $-20$  to  $+20$ ) effects are examined. Although first employed by Fama, Fisher, Jensen, and Roll (1969) in a study of the stock price effects of stock splits, Monte Carlo simulation studies of the market model methodology by Brown and Warner (1980, 1985) and others have repeatedly demonstrated the adequacy of the procedures for determining the wealth effects of various market stimuli. Given that the market model is presently the only widely accepted quantitative technique whereby scientists may accurately assess the valuation impacts of specific corporate decisions, its appearance in both the marketing and management literatures may be expected to increase significantly over the coming years. Statistical tests of the abnormal returns follow Boehmer, Masuchi, and Poulsen (1991) and McNamara, Pruitt, Van Ness, and Charoenwong (1997) and are not reproduced here due to space considerations.

## EMPIRICAL RESULTS

### Event analysis

Table 2 presents a summary of the mean daily returns, mean daily abnormal returns ( $MAR$ ) and their associated test statistics ( $t$ ), the level of the mean cumulative abnormal return ( $MCAR$ ) registered as of event day  $t$ , the number of firms in the sample ( $N$ ), the number of firms in the sample with positive abnormal returns ( $N+$ ), and the associated binomial proportionality test statistic ( $Z$ ) for selected event days one trading month before and after the date of running of the Indianapolis 500. Following standard practice, event day 0 designates the first day of trading following each race.

As shown in Table 2, there would appear to be little evidence that winning the

TABLE 2

Mean Shareholder Wealth Effects of Sponsoring the Winner in the Indianapolis 500

Event Day	Mean Daily Return	Mean Daily Abnormal Return	t-Statistic	Cumulative Abnormal Return	N	N(+)	Z-Statistic
-20	-0.0030	-0.0019	-0.9775	-0.0019	28	11	-1.1339
-15	-0.0054	-0.0030	-1.2399	-0.0050	28	12	-0.7559
-10	-0.0025	-0.0018	-0.7129	-0.0080	28	12	-0.7559
-5	0.0002	-0.0002	0.3619	-0.0119	28	15	0.3780
-4	0.0058	0.0052	1.7071	-0.0066	28	16	0.7559
-3	-0.0063	-0.0079	-1.5532	-0.0145	28	12	-0.7559
-2	0.0048	0.0050	0.8508	-0.0095	28	15	0.3780
-1	-0.0020	-0.0035	-0.7188	-0.0130	28	14	0.0000
0	-0.0015	-0.0024	-1.1885	-0.0154	28	12	-0.7559
1	-0.0014	-0.0031	-1.4513	-0.0185	28	12	-0.7559
2	0.0017	0.0014	0.4509	-0.0171	28	16	0.7559
3	0.0014	-0.0003	0.3590	-0.0174	28	18	1.5119
4	-0.0025	-0.0029	-0.4496	-0.0203	28	14	0.0000
5	-0.0012	0.0017	0.7093	-0.0186	28	17	1.1339
10	0.0013	0.0005	0.4836	-0.0136	28	14	0.0000
15	-0.0004	0.0011	0.3419	-0.0164	28	17	1.1339
20	0.0014	0.0003	0.3158	-0.0297	28	16	0.7559

Indianapolis 500 led to statistically significant increases in the share prices of sponsoring firms. Neither the abnormal returns immediately preceding or following the day of the race ( $t = 0$ ) nor the cumulative abnormal return level over the pre-event window ( $t = -21 \dots -1$ ,  $MCAR = -1.302$  percent) is statistically positive at the 10 percent level or less (one-tailed test). As will be discussed below, the latter would be expected to rise only if stock market participants anticipated both that a victory in the Indianapolis 500 would be an economically important event for the sponsoring firm and if their ex ante probability estimates of victory were adjusted upward over the three-week-practice-and-qualification period immediately

prior to the race. Increases in investor-held probabilities of victory that occurred prior to the beginning of the month of May will not be reflected in the abnormal returns measured in this study.

While there is an abundant literature suggesting that share prices of financial assets react quickly and unbiasedly to innovations in the informational environment, to allow for the possibility of significant post-race adjustments in share prices the event window was extended to include the first full month of trading following each race (event days  $t = 1 \dots 21$ ). The mean cumulative abnormal return level over this period was also negative ( $MCAR = -1.434$  percent), although statistically insignificant.

Table 3 presents an analysis of the mean wealth effects registered by the 232 non-winners of the Indianapolis 500 over the identical period of time analyzed above. As shown in Table 3, and similar to the results presented in Table 2, there is little of a share price reaction for these firms. Interestingly, however, the abnormal return for event day  $t = 2$  is positive and statistically significant, indicating some residual benefit from these companies' race sponsorships.

#### Cross sectional regressions

While the figures presented in Table 2 would appear to suggest little support for the view that the sponsors of Indianapolis 500 winners experience tangible economic

**TABLE 3**

## Mean Shareholder Wealth Effects of Sponsoring Losers in the Indianapolis 500

Event Day	Mean Daily Return	Mean Daily Abnormal Return	t-Statistic	Cumulative Abnormal Return	N	N(+)	Z-Statistic
-20	-0.0041	-0.0046	-0.8509	-0.0046	232	104	-1.2249
-15	-0.0065	-0.0033	-0.5409	-0.0148	232	103	-1.3226
-10	-0.0016	-0.0064	-1.2685	-0.0148	232	109	-0.7362
-5	0.0149	-0.0031	-0.4873	-0.0187	232	125	0.8275
-4	0.0111	0.0027	0.8889	-0.0160	232	120	0.3388
-3	0.0043	-0.0046	-0.8558	-0.0206	232	117	0.0456
-2	0.0052	0.0052	1.4991	-0.0154	232	119	0.2411
-1	0.0072	0.0019	0.7118	-0.0135	232	130	1.3161
0	0.0049	-0.0011	-0.0141	-0.0146	232	126	0.9252
1	0.0063	-0.0041	-0.7227	-0.0186	232	131	1.4139
2	0.0182	0.0104	2.7321	-0.0082	232	135	1.8048
3	-0.0030	-0.0069	-1.4048	-0.0152	232	115	-0.1499
4	0.0078	0.0008	0.4372	-0.0144	232	117	0.0456
5	-0.0084	0.0031	0.9917	-0.0113	232	112	-0.4431
10	0.0045	-0.0004	-0.1627	-0.0543	232	118	0.1433
15	-0.0041	-0.0021	-0.2508	-0.0735	232	113	-0.3453
20	0.0093	0.0024	0.8241	-0.0848	232	119	0.2411

benefits as a result of their victories, there are a variety of factors—the most important of which are investor-held a priori expectations of the probability that the eventual winner would, indeed, take the checkered flag—that suggest that considerable caution must be exercised in the interpretation of the basic event study results. In an effort to shed further light on the wealth effects of sponsoring the winning car at the Indianapolis 500, two multiple regressions employing firm-specific cumulative abnormal return levels ( $CAR_t$ ) (registered over event days  $t = -2 \dots 2$ ) as the dependent variables and select car/driver and sponsor attributes as the independent variables are also performed. Abnormal returns over this interval are em-

ployed in the regression since the  $t = -2 \dots 2$  time period encompasses both the final day of practice prior to the race (event day  $t = -2$ ) as well as the first three trading days following the race itself.<sup>8</sup> The now-ill-named “carburetion day” tests on the Thursday before each race offer teams the final opportunity to fine-tune their

<sup>8</sup>With the sole exception of the crucial “carburetion day” tests on Thursday, practice runs of any type are not permitted during the week prior to the running of the race. Except for the race itself, “carburetion day” is typically the only time when all 33 qualifiers will run in heavy traffic with full fuel loads of 40 gallons of methanol. As such, its importance to the preparation of the cars, drivers, and racing teams can scarcely be overemphasized. Interestingly, “Indy” cars have used pure alcohol as fuel since the deaths of drivers Eddie Sachs and Dave McDonald in a fiery crash in 1964. Unlike gasoline, alcohol fires may be easily extinguished simply by pouring water onto the cars.

cars into a true race (as opposed to qualifying) set-up.<sup>9</sup> History suggests that the fastest cars on “carburetion day” enter Victory Lane far more often than not.

The attributes selected as the independent variables for the regression for the sponsorship winners include relative equity size (as measured by the total market value of the equity of the sponsoring firms divided by the total market value of the firms composing the Dow Jones 30 market index at the time of the race), the ratio of the winning car’s pre-race qualification speed to that recorded by the fastest car in the field (generally held by the car in the

<sup>9</sup>Modern racing engines are fuel-injected and thus do not have carburetors.

"pole position"), the winner's margin of victory (in seconds) over his nearest competitor, a dummy variable indicating whether the race was broadcast live on television (live broadcasts began in 1986), a dummy variable indicating if the winning driver was a first-time winner of the race, and a dummy variable indicating the degree of closeness of the general relationship between the sponsored company or product and the automotive industry. The development of each of these variables follows below.

Given that the correlation between the breadth of scope of a business enterprise and firm size is almost always positive (i.e., smaller companies typically offer fewer products and operate over smaller geographic areas than do their larger counterparts), investors' perceptions of the benefits likely to accrue to a sponsor as the result of an Indianapolis 500 victory are expected to be a negative function of the overall relative size of the sponsoring company (FIRM SIZE). For example, while Phillip Morris was the top sponsorship spender in 1997 (\$145 million on a variety of events), *ceteris paribus* it would be difficult to imagine that this corporate giant would ever experience the same *percentage* abnormal return gains from winning as might a much smaller and more focused firm such as Domino's Pizza.

Certainly, autoracing is a skill sport, and while driver experience and cunning are among the most important factors that determine the winner of a given race, it is usually speed that determines the winner. Accordingly, the percentage of each winner's qualifying speed relative to the fastest car in the field (QUALIFYING SPEED) was included as one of two different measures of the level of the market's pre-race expectations of victory. Given that a relatively slow car is less likely than a relatively fast car to win the Indianapolis 500,

and, that accordingly, the prices of the sponsors of fast cars are far more likely to have been bid up prior to the date of the race in anticipation of their cars' relatively high probabilities of victory, the a priori relationship between QUALIFYING SPEED and the abnormal returns registered by Indianapolis 500 sponsor winners is negative.

The winner's margin of victory in seconds over his nearest challenger (MARGIN) is included for two reasons. First, winners who completely dominate the competition, such as Mark Donohue in 1972 (who won by over two laps), may offer their sponsors (Sunoco, in this case) unique opportunities for advertising that might not exist in the case of "blink-of-an-eye" finishes such as Al Unser, Jr.'s victory in 1992 over Scott Goodyear (0.043 seconds). On the other hand, autoracing can be a very exciting sport, and it seems more than likely that few fans in the stands in 1982 will *ever* forget the day they saw Gordon Johncock's gleaming red and blue "STP Oil Treatment Special" streak over the finish line a mere 18 inches in front of Rick Mears in the "Gould Charge." Given these two competing hypotheses, it is impossible to unambiguously determine the directional relationship between MARGIN and the abnormal returns registered by sponsoring companies.

A dummy variable is added to the regression in an effort to capture the influence of the move from same-day tape-delayed television broadcasts to live television beginning with the 1986 Indianapolis 500. While the race has always been broadcast live on radio, this variable (TELEVISION = 1) was included to account for the dramatically increased exposure afforded via television coverage and is particularly relevant given Murry, Manrai, and Manrai's (1998) and Speck

and Elliot's (1997) findings suggesting the superiority of multimedia (audio/video) presentations (over audio alone) in consumer advertising-recall experiments. Therefore, the direction of the a priori relationship between TELEVISION and firm-specific abnormal returns is positive.

Prior winners of the Indianapolis 500 have long experienced a disproportionate number of return visits to Victory Lane. Indeed, of the 35 races contested since 1964, former winners claimed 17 (48.5 percent)—while assuming just 181 of the 1,155 available starting positions (15.7 percent) in these races. Clearly, experience counts, and drivers such as A. J. Foyt, Rick Mears, Al Unser, and Johnny Rutherford (with 14 victories among them over the 1964 to 1998 time period) constantly found ways to outwit their opponents on the race course—despite occasionally being handicapped with slower cars. Accordingly, a dummy variable indicating whether a winner was a first-time winner of the Indianapolis 500 (NEW WINNER = 1) is included as the second of the two measures of the market's *ex ante* probability of victory. Since victories by first-time winners are almost assuredly far more surprising or unexpected than those collected by former champions, the hypothesized a priori relationship between NEW WINNER and measured abnormal returns is positive.

As suggested in the review of previous studies, the apparent degree of consistency or closeness between a company/product and a sponsored event is an important determinant of the implicit benefits the sponsoring firm will eventually enjoy as a result of its sponsorship activities. Accordingly, Indianapolis 500 winners sponsored by companies and/or products known to have direct applications to the consumer automotive industry (e.g., ITT, Ford, Texaco, Sunoco, STP,

**TABLE 4**

Multiple Regression Analysis of the Mean Abnormal Returns (Registered over Event Days  $t = -2 \dots 2$ ) by Winning Sponsors of the Indianapolis 500

Variable	Variable Coefficient	Variable <i>t</i> -statistic	<i>t</i> -statistic <i>p</i> -value
INTERCEPT	1.0343	1.3728	0.1843
NEW WINNER	0.0422*	2.3474	0.0144
MATCH	0.0281*	1.4226	0.0848
QUALIFYING SPEED	-1.1553*	-1.4395	0.0824
MARGIN	-4.85E-05	-0.4905	0.6288
TELEVISION	0.0059	0.2549	0.4006
FIRM SIZE	-0.1528	-0.2866	0.3886
Multiple <i>R</i>	0.6118		
<i>R</i> <sup>2</sup>	0.3742		
Adjusted <i>R</i> <sup>2</sup>	0.1955		
df/Regression	6		
df/Residual	21		
df/Total	27		
F-value	2.0932		
F-probability	0.0975		

\*The indicated variable coefficient *t*-statistic is significant at the 10 percent level, one-tailed test.

Pennzoil, and Valvoline) are identified with a dummy variable (MATCH = 1). Winners with sponsorships without direct consumer automotive applications (i.e., those deemed strategic in nature), such as those undertaken by Phillip Morris (beer and cigarettes), Anheuser Busch (beer), Domino's Pizza (pizza), Citicorp (traveler's checks), or Delta Faucet (plumbing fixtures) are not so identified. As suggested by Cornwell (1995), sponsorships with direct applications to the automotive industry are, a priori, hypothesized to be positively correlated with the abnormal returns registered by sponsor winners.

The results of the regression for the race winners are reproduced in Table 4. Following standard statistical practice, the five independent variables whose direc-

tional relationships with the dependent variable have been hypothesized in advance (FIRM SIZE, QUALIFYING SPEED, TELEVISION, NEW WINNER, and MATCH) are analyzed using one-tailed *t*-tests. Variables significant at the 10 percent level or less include two event-related variables, NEW WINNER and QUALIFYING SPEED, and one sponsorship program variable, MATCH.

The positive and statistically significant coefficient for first-time winners clearly supports the a priori hypothesis that the victories claimed by first-time Indianapolis 500 winners led to more positive sponsorship wealth effects than did those collected by previous Indy champions. However, it is important to recognize that this result does not necessarily suggest that

the sponsors of first-time winners yield larger overall wealth benefits than do the sponsors of previous winners—although this unlikely hypothesis is clearly consistent with the data. Rather, combining the precepts of capital market efficiency—which dictate that financial market participants will always attempt to anticipate the impact of market events and incorporate these expectations into capital assets prices prior to the release of the actual informational content of the event (see Fama, 1991, for an extensive review of this literature)—with the present findings suggests that the gains for first-time winners likely only appear larger because these cars were probably not expected to win and, therefore, the prices of their sponsors' stocks had not previously been bid up in anticipation of a victory.

The negative and statistically significant coefficient for the variable QUALIFYING SPEED provides further corroboration of the anticipation hypothesis. Again, given that relatively slower cars would, ex ante, be considered significantly less likely to win, there would be little likelihood that financial market participants would see any need to increase their estimates of the value of the sponsors of these cars prior to the start of the race. Once the outcome of the race was finally determined, however, the stocks of these winners were then immediately adjusted upwards.

The coefficient for the variable MATCH is, as hypothesized, both positive and statistically significant, indicating that the sponsors of products with direct applications to the automotive industry experienced greater benefits from their sponsorship victories than did companies that engaged in sponsorship activities of a more strategic or demographically oriented nature. This finding implies that stock market participants may also place a value on the matching of sponsor attributes to event attributes.

**TABLE 5**  
Multiple Regression Analysis of the Mean Abnormal Returns  
(Registered over Event Days  $t = -2 \dots 2$ ) by Losing  
Sponsors of the Indianapolis 500

Variable	Variable Coefficient	Variable t-statistic	t-statistic p-value
INTERCEPT	-0.0221	-0.1925	0.8475
FORMER WINNER	-0.0054	-1.1733	0.2419
MATCH	0.0025	0.5792	0.5631
QUALIFYING SPEED	0.0303	0.2525	0.8009
LAPS LED	0.0084	0.4779	0.6332
LAPS FINISHED	-0.0060	-0.9576	0.3393
TELEVISION	-0.0045	-1.0767	0.2828
FIRM SIZE	0.0983	0.6631	0.5079
Multiple R	0.1396		
R <sup>2</sup>	0.0195		
Adjusted R <sup>2</sup>	-0.0114		
df/Regression	7		
df/Residual	222		
df/Total	229		
F-value	0.6301		
F-probability	0.7307		

While not statistically significant, the coefficients for the variables FIRM SIZE and TELEVISION are, respectively, negative and positive. Both of these results are as previously hypothesized. The coefficient for the variable MARGIN, while again insignificant, is negative. This finding suggests (though not strongly) that victories in close races generate greater sponsorship benefits than do "yawners" and that stock market investors therefore believe that a close win in a very exciting race will ultimately prove more beneficial to sponsors than a thoroughly dominating victory in a race that may soon be forgotten.

Viewed as a whole, the multiple-regression results for the aggregated winners sample must be described as impres-

sive—particularly given the small sample size. Indeed, the  $R^2$  and adjusted  $R^2$  for the regression were 0.3742 and 0.1955, respectively, while the F-statistic for the complete model is significant at the 10 percent level. By introducing important factors such as the level of the market's expectations concerning victory, and by incorporating relevant sponsorship variables such as the degree of consistency or match between the sponsoring firm/product and autoracing, the regression results paint a very different (and much more positive) picture concerning the valuation effects of motorsports sponsorship victories than would be seen by concentrating upon the basic event-study findings alone.

Table 5 presents the results of the mul-

tipale regression for nonwinning sponsors.<sup>10</sup> While the variables are similar to those employed for the regression for race winners, two new variables, LAPS LED and LAPS FINISHED, are added to account for both finishing position (LAPS FINISHED) and race dominance (LAPS LED). A priori, the relationship between both of these variables and a sponsor's abnormal return level would be expected to be positive because LAPS FINISHED measures overall race exposure while LAPS LED measures the dominance of a non-winning driver. Unlike the case for race winners, in which several variables were statistically significant at the 10 percent level or less, none of the seven variables included in the regression for the race losers is similarly significant. Both the  $R^2$  and the F-value of the regression reflect this lack of significance. This analysis was, however, included in order to demonstrate that it is not simply race participation that influences shareholder wealth. Winning is important.

#### The case of STP: "The Racer's Edge"

While, as noted above, sponsors whose firms/products are relatively closely linked with the automotive industry are associated with more positive levels of abnormal returns following "500" victories, the case of STP ("Scientifically Tested Products") Corporation warrants specific and closer attention. Interestingly, STP was the only winning sponsor that manufactured and sold a performance-enhancing product. Their most important product—STP Oil Treatment—is an oil additive specifically designed to improve the lubricating properties of motor oil.

To compare the magnitude of the wealth gains that accrued to STP's inves-

<sup>10</sup>Specified data for 2 of the 232 nonwinning sponsors was not available, reducing the sample to 230 firms.

tors around the time of its victories with the stock price changes registered by the other corporate sponsors of the 1963 to 1998 period, the mean cumulative abnormal return levels (and associated *t*-statistics) for each of the individual sponsors were also calculated around the date of each race ( $t = -2 \dots 2$ ). These results are presented in Table 6. Again, these results are of interest precisely because STP as a product not only is matched to racing, but the product's value is presumably demonstrated unequivocally through winning.

As reported in Table 6, the returns received by STP's investors dominated those accruing to any of the other sponsors. Indeed, STP was the only sponsor to

## ... the findings of the study provide evidence that sponsorship programs can provide value for sponsoring companies.

register positive and statistically significant increases in share prices (at the 10 percent level, one-tailed test) as a result of its sponsorship victories ( $MCAR = 8.2439$  percent,  $t = 3.440$ ). Further, all of STP's four "500" wins were associated with share price increases.

Given that STP's abnormal return gains are statistically significant, it is appropriate to estimate the wealth gains STP share-

holders experienced as a result of the company's four "Indy" wins. This value, which may be found by multiplying the market value of STP's equity at the time of each win by the appropriate cumulative abnormal return registered over event days  $t = -2 \dots 2$ , averages \$33.5 million *per victory*, for a total race-related increase in market valuation of some \$134 million.

Overall, STP's sponsorship success record at the Indianapolis 500 should leave little doubt that motorsports sponsorships can yield significant benefits to the shareholders of sponsoring companies. Price increases of the magnitude observed for STP are almost certainly nonrandom in nature, and, as such, present very compelling evidence of the potential for closely linked and specifically targeted motorsports sponsorship programs to enhance the share prices of a given corporate enterprise.

### CONCLUSIONS

This study has presented an empirical investigation of the value of victory in the context of a company's sponsorship-linked marketing strategy. By employing net-of-market changes in stock prices as an unbiased measure of sponsorship valuation, and lead sponsorship wins (and losses) at the Indianapolis 500 as the experimental stimulus, the findings of the study provide evidence that sponsorship programs can provide value for sponsoring companies. However, the value accruing to firms depends upon a number of race and sponsorship-related variables.

Efforts to correlate the abnormal returns

**TABLE 6**  
Mean Abnormal Returns (Registered over Event Days  $t = -2 \dots 2$ ) by Sponsoring Company

Sponsoring Company (Product)	Mean Abnormal Return	Abnormal Return <i>t</i> -statistic	<i>N</i>	<i>M</i> (+)
Anheuser Busch (Budweiser)	0.0446	0.8427	1	1
Ashland Oil Company (Valvoline)	0.0327	0.9096	1	1
B.A.T. Industries (Player's Ltd.)	0.0315	1.0072	1	1
Cummins Engine	0.0035	-0.0671	1	1
1st National City Bank	-0.0078	-0.3014	1	0
Ford Motor Company	-0.0263	-1.3951	1	0
Gould	0.0084	0.4296	1	1
G.T.E. (Sprint)	-0.1813	-0.5441	1	0
Jorgensen Steel	-0.2914	-0.7509	1	0
I.T.T./Sheraton Hotels	0.0149	-0.5046	2	1
Masco (Delta Faucet)	-0.0141	-0.4176	1	0
Mattel (Johnny Lightening)	-0.0511	-1.1566	2	1
Pennzoil	-0.3235	-0.5132	3	0
Phillip Morris (Miller/Marlboro)	-0.0227	-2.0163	5	1
<b>STP Corporation</b>	<b>0.0824</b>	<b>3.4400</b>	<b>4</b>	<b>4</b>
The Sun Company (Sunoco)	-0.0078	0.0849	1	0
Texaco	-0.0375	-1.4548	1	0

**... the study presents striking new evidence of the value of a "coherent" match between the attributes of the sponsoring corporation or product and the sponsored event.**

registered by sponsoring companies around the time of their Indianapolis 500 wins uncovered some important aspects of motorsports participation. Uncontrollable, race-related variables significant at the 10 percent level or less included the ratio of the winning car's pre-race qualification speed to that recorded by the fastest car in the field and a dummy variable indicating if the winning driver was a first-time winner of the race. These two variables imply that the level of the market's expectations concerning the likelihood that the eventual winner was, indeed, expected to persevere was an important factor in the observed results. Fast cars and great drivers are simply expected to win—slow cars and lesser drivers aren't.

More important, because they are controlled by the sponsoring company, were the findings regarding the importance of matching sponsor and event. Indianapolis 500 winners sponsored by companies and/or products known to have direct applications to the consumer automotive industry yielded significantly greater stock price increases than did sponsorships of a more strategic, unrelated nature. This finding suggests that autoracing sponsorships of relatively low racing congruence (i.e., beer, pizza, cigarettes) will lead to smaller increases in sales and/or generate lower levels of corporate goodwill than will more closely related sponsorships such as those involving tires or motor oil. These findings, while exploratory, also provided an important distinction not

found in consumer studies of sponsor-event match-up. The exceptional gains experienced by STP Corporation as related to motorsports wins suggest that sponsorship can be used as a persuasive medium. In this case, product value was demonstrated through sponsorship success. This finding suggests sponsorship may not be the mute, awareness-only communication medium once assumed. This finding also suggests additional future research with different sponsorship product relationships in order to better understand the ability of sponsorships to communicate and persuade.

Marketing researchers and advertising agencies should find the study interesting on several counts. In addition to underscoring the importance of the linkage between the sponsored and the sponsoring (a finding that may help lead to the development of even more effective advertising and sponsorship campaigns in the future), the study also demonstrates the merits of using an unbiased, *market-based* measure of the valuation of a firm's sponsorship programs and other major marketing tools. Unlike more traditional assessments of sponsorship (and advertising) success, net-of-market share prices measure *only* the valuation effects of a specific informational stimulus—and, as mentioned above, do so without regard to the obvious and inherent biases of involved (and, potentially, entrenched) parties.

From the standpoint of academic researchers, the present study provides fur-

ther evidence of the ability for event study methodology to address important valuation issues in marketing which might previously have been considered too far afield to permit significant application. In addition, the multiple-regression findings present significant new evidence of the role capital market expectations must play in the interpretation of any event-based analysis. Finally, and perhaps most importantly, the study presents striking new evidence of the value of a "coherent" match between the attributes of the sponsoring corporation or product and the sponsored event. This matching, long suspected and recently shown to be important to consumers as a sponsorship audience, is here demonstrated to also be important to another sponsorship audience—shareholders. As such, corporations interested in attaining the greatest possible shareholder benefits from their sponsorship programs (as opposed to simply generating the maximum level of perquisites for "consumption" by senior executives) should seek to carefully consider the underlying relationship between their firms/products and potential sponsorship opportunities. **JAR**

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