

The Opening Of Pandora's Box

In an *Asian Golf Monthly* exclusive, Aylwin Tai, managing director of Richtone Worldwide, and Dr Joseph Mula, of the University of South Australia, contribute a paper they authored on the boom in event sponsorship in China, most particularly focusing on how it relates to the professional version of the Royal and Ancient game.

Pictures by Paul Lakatos, Stanley Chou and Getty Images Sport.

China, the world's most populous nation, looms on the global economic horizon as a tantalising prospect with its 1.3 billion consumers. As a recent addition to the World Trade Organisation (WTO), China has become the hub of investment opportunity in the Asia Pacific region.

With the increasing volume of foreign business pouring into China, competition is becoming stiffer among multi-national companies who wish to obtain a share of this lucrative consumer market.

The Government's 'Open Door Policy', introduced in 1978, paved the way for economic reforms that have resulted in lifting the living standard of the majority of its population. Increases in personal wealth, higher disposable incomes and shorter working hours have seen the rise of various lifestyles in China.

LIFESTYLE IN CHINA

A comprehensive study in China's three most important markets - Beijing, Shanghai and Guangzhou - revealed there are five major lifestyle segments that have emerged in the metropolitan areas.

These include the 'modern', who are the most affluent and educated and who pursue a fashionable and materialistic life, and the 'Generation Xers', who were born after the Cultural Revolution and are best educated, but show disrespect for routines and traditions and worry little about money.

These two segments of China's population favour Western lifestyles. They represent the modern Chinese consumer, who is a result of the society spawned by the economic development of China. As products of the single child policy enforced in 1979, these Chinese New Generations are now young adults and are potentially the most promising consumer segment in the country.

RISE OF SPONSORSHIP

The proliferation of conventional advertising has rendered the marketplace increasingly competitive, making it more difficult for companies to reach their target markets. Thus, an alternative marketing tool needs to be utilised.

Sponsorship, the underwriting of a special event to support corporate objectives, provides companies an alternative to the cluttered mass media. Event sponsorship includes both sporting and non-sporting tournaments, trade fairs and art festivals and can be utilised to reach a specific target audience.

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However, the most popular type of event sponsoring is sports-related, which has grown into a well-oiled industry fanned by global interest and fascination with sports. The prospect of having 1.3 billion Chinese as a captive audience for a series of games that will be played in their own backyard, plus millions more as broadcast audiences, is a lure that has potential to which many sponsors have difficulty saying no.

THE CORPORATE GOLF GAME

The following three companies are a few of many that are successfully utilising sports event sponsorship to market their brands, not only in the Asia Pacific region - and specifically China - but also globally as well.

TCL, a Chinese appliance and mobile telephone company, sponsored the richest golf event ever held on the mainland in 2002, the TCL Classic, giving away a total prize purse of US\$1 million. The event attracted several of the world's top players and set a precedent for golf in China as far as prize money is concerned.

Leading Swiss watchmakers, Omega, have been traditionally involved in golf in Asia, specifically the Omega Hong Kong Open. Happy with their involvement, which contributed to raising the company's brand profile in the region, a marketing executive commented that the company will stay in golf as long as they are interested in sports sponsorship and that, for the future, they think China is the place to be.

One company that has a long-term commitment to golf in China is Europe's car and truck manufacturing giants, Volvo. Spurred on by the growth forecast of China's middle-classes from 5.3 per cent in 1983 to 18.6 per cent in 1998, numbers representing 240 million people in China and about one billion in Asia, Volvo decided to sponsor the Volvo China Tour and Volvo China Open in 1995. Their belief that the game would eventually become popular in the Middle Kingdom was prophetic.

SPORTS BOOM

The development in global sports has fostered a parallel growth in China. In addition, the media, particularly television and the internet, has delivered sports directly into Chinese living rooms. The success of China's athletes in recent Olympic Games has fanned the country's involvement in sports. The choice of Beijing as the venue of the 2008 Games has further boosted China's standing in the global arena.

As China's role in the global economy continues to grow, so does the popularity

GOING PRO: The growth in sponsorship of tournaments in China has seen the country host Tiger Woods. Pictured opening page from top, plus the consolidation of existing events, Charlie Wi and Mel Piyat are seen at the 2001 Volvo China Open, while Zhang Lian Wei, Stephen Ungoh and Kyi Hla Han celebrate the return of the Omega Hong Kong Open.



of competitive sports, particularly among the most promising consumer segment in the country – the 'Chinese New Generation' mentioned above. These young adults, the product of the rapid economic development initiated by Deng Xiaoping's open market policy in 1978, are empowered to spend, and indulging in sport as a form of recreation is becoming a trend within this segment. Golf, as an alternative sport, has become very popular.

GOALS OF SPONSORSHIP

More sports events with international flavour are being held in China, giving rise to a need to identify critical success factors that will benefit potential sponsors as they map out their marketing strategy in venturing into the Chinese sports arena.

Six factors are presumed to be critical to the success of sports events in China:

- ♦ Brand recognition
- ♦ Event quality
- ♦ General public participation
- ♦ Government support
- ♦ Image projection
- ♦ Media coverage

Brand recognition plays an integral part in marketing strategy. The purpose of branding is to build a product's image. This image recognition will influence the per-

Modern Chinese consumers are a result of the society spawned by the economic development of China.

ceived worth of the product and will increase the brand's value to the customer, leading to brand loyalty.

Event quality depends on established standards and the quality of the performances of the participants. The Olympics generate global interest because they are the ultimate test of the ability of the world's best athletes and the popularity of a sports event may be gauged by the popularity of its performers. For example, Tiger Woods.

General public participation is a gauge of the people's level of acceptance of the event. That sports events in China are gaining in popularity is an indication that the 'Chinese New Generation' is engaging in them.

How the Chinese view their officials, such as those from the government, is a reflection of their culture. The Chinese value system emphasises certain avoidance and conformity, which significantly impacts consumer attitudes. Whatever the

product leaders and innovators consider as appropriate will be viewed as favourable and acceptable by the Chinese consumer. They become, in effect, trendsetters in the Chinese marketplace.

An event's image is the target audience's perceptions of the activity. Sports-related events conjure a particular image in the spectator's mind, such as youthful, strong, powerful and athletic. Sponsorship integrates the energy, excitement and emo-

tion of the event with a consumer's experience with the brand – resulting in a transfer of the event's 'aura' to the firm's corporate image.

Media coverage, as an indirect method of advertising, is now widely utilised in China with television as the cheapest and most popular medium. With the wide exposure provided by broadcast media, sponsors are increasingly making use of live television coverage and television highlights in bringing the action directly to the living room.

GOLF IN FOCUS

A case study was undertaken at the Volvo China Open in Shanghai last year to identify the event's critical success factors. A list of 20 questions regarding 20 success variables were formulated in the survey administered to 241 spectators and 10 sponsors.

Of the respondents, 73 per cent were golfers and 27 per cent were non-golfers. Golf is an expensive sport and, not surprisingly, those who indulge in the game for recreation were shown to belong to the higher income group.

The majority of the respondents represented the 'Chinese New Generation', the most promising consumer segment in the country. As far as Volvo were concerned,

OPENING THE DOOR

China's 'Open Door Policy' has combined with the boom in the sports business industry to create the market currently seen in China. Increases in income and leisure time have come in a period that saw worldwide expenditures in sport exceed US\$15 billion by 1997.

the sample group was representative of their target audience – young, educated, sports-minded and, compared to China's general population, rich.

It is significant that both the spectators and the sponsors agree, albeit in varying degrees, on the top five variables that are critical to a successful golf tournament – live television, television highlights, international standards, global brand position and player participation.

The findings revealed that the factor considered by spectators and sponsors as most critical to the success of the Volvo China Open was media coverage, with live television as the most effective medium of communication. This result bolsters the general perception of broadcast media's wide reach and popularity.

LOOKING FOR SUCCESS?

Six factors are considered critical to the success of sports events in China:

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- ♦ Event quality
- ♦ General public participation
- ♦ Government support
- ♦ Image projection
- ♦ Media coverage

Volvo, anticipating the value of live television coverage, saw the event broadcast on China's national sports channel, CCTV5, for the first time, as well as CNBC Asia and CNBC Europe.

The spectators believed that the international standard of the Volvo China Open made the outcome of the event very positive, ranking it the second-highest variable, and to which the sponsors agreed.

Projecting a global brand position was perceived by the spectators of the Volvo China Open to be a worthy objective of golf sponsorship and critical to its success, ranking it fourth. The sponsors, however, considered it much more important, garnering the second highest rating among the 20 variables.

ANOTHER ANGLE

A statistical technique that helps to reduce many variables to the key ones was applied and re-aligned them to only five critical success factors:

- ♦ Government and public support
- ♦ Brand image and recognition
- ♦ Television media
- ♦ Print media
- ♦ Event quality

The correlation between government and public support, brand image and recognition, and television media are strong. This reflects the immense value of television as a medium of communication and information, which the government and the public recognise as important to the promotion and development of golf. Brand image and recognition also correlates with event quality.

WHAT IT ALL MEANS

The five factors identified in this study are critical to the success of golf events in China. Television media was identified as the most important factor to the event's success, with live television and television highlights as the most effective variables. With this knowledge, sponsors can struc-

ture their marketing strategy to maximise the use of television in reaching their intended target group.

Compared to many of its neighbouring Asia-Pacific countries, China has a limited modern golfing tradition. However, the country's competitive sports, including golf, have developed in leaps and bounds and in direct proportion to its economic growth. The economic climate in China, boosted by WTO membership, augurs well for the sport's expansion as indicated by the increase in the number of events staged in the country.

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This and similar case studies assume greater relevance in this period of economic development as China continues to attract more foreign investment and the market for sports events sponsorships becomes larger and more competitive. The information derived from such cases could be valuable to potential sponsors, giving them the competitive advantage in gaining sponsorships in China – the world's largest market.

