● **Keywords:** Sports Sponsorship, Ambush Marketing, Internet

An Interview with Jeff Price, Vice President of US Sponsorships & Events, MasterCard International

Jeff Price
Vice President,
Sponsorship & Events,
MasterCard International,
2000 Purchase Street,
Purchase, NY 10577, USA
Tel: +1 (914) 249 5875
Fax: +1 (914) 249 4211
Email: jeff_price@mastercard.com

Dr David Shani
Professor of Marketing
Kean University
1000 Morris Ave
Union, NJ 07083, USA

Tel: +1 (212) 923 8819
Fax: +1 (212) 781 7911
Email: DShani@aol.com

Received: 11 October, 1999

Introduction

As Vice President of US Sponsorships & Events at MasterCard International, Jeff Price has overseen the development of a wide ranging sponsorship portfolio that includes some of the biggest properties in world sport, including Major League Baseball, the National Hockey League, Major League Soccer and the PGA Golf Tour. His career at MasterCard was built on the back of appointments at NBA Properties, Gatorade, and Universal Sports America. In this interview with Editorial Board member Dr David Shani, Jeff shares his experiences on, among other things; lessons learned from good and bad investments, strategy formulation, integration of the sponsorship across the marketing mix, and ambush marketing.

DS: The first question I would like to ask is a personal one. How did you get into sports marketing?

JP: That's a funny story. I had graduated from Bates College with a history degree and talked to the Procter & Gambles and all the typical banks that would come to a liberal arts school in New England and try to recruit. But I always had a passion for sport and was trying to find some way to make a career out of the passion that I had.

I didn't really have a network of anyone to talk to and had sent blind résumés out without any real success. So I ended up going to graduate school at the University of Massachusetts in the sports management programme.

From there, I got an internship in NBA Properties at a time when David Stern was changing the way a league was marketing itself and reaching out to a network partner in NBC. Stern was basically building a vertical marketing machine. It was really a very interesting time to be there. I spent five years there and then made the jump to the client side.

At Gatorade in Chicago we spent a lot of time focused on using sport as a key platform to market/authenticate the brand. That's how I got my start. I persevered for a few years to try and crack into what was a pretty narrow field at the time.

DS: One thing that we struggle with at our conferences is how to define sports marketing? How do you define sports marketing?

JP: Well, I think it is defined quite differently depending on where you sit. If you are a brand like MasterCard, you are not intrinsically involved in sport. Our interest in sports marketing is really for consumers who have a passion and affinity for a sport or for an event or for a property. For us, sports marketing is simply the vehicle through which we are reaching that consumer where they have a higher passion and care about something, more so than other things in their lives.

Take Major League Baseball (MLB). For us, sports marketing through baseball is really using baseball as a platform to take our various marketing disciplines to touch the consumer in ways that advertising or promotion or the Internet or a relationship with our merchant is not going to necessarily impact them on a individual basis. When you can bring it together in an integrated platform like MLB, however, you have got a whole platform which is going to be more effective than just firing separately in different parts of marketing mix.

DS: So basically, as I understand it, sport marketing is the use of sport to achieve a particular marketing objective.

JP: It really is. For us it's finding the passion that consumers find for the New York Yankees or the Boston Red Sox or for the game in general, and reaching them in a way that emotionally connects to something that they care about. For us it may be creating a value proposition. I'm sure you have seen a number of our "Priceless" commercials themed around sponsorships. We are able to reinforce our brand positioning that MasterCard is "The Best Way To Pay For Everything That Matters" on a number of different levels.

Promotionally we can connect to the father/son going to that baseball game in our advertising. In our promotion, we can give fans the opportunity to go to the World Series and have a priceless moment sitting with retired baseball legends Hank Aaron and Willie Mays. At the team level we can create a value proposition where families can better afford to go to a baseball game because MasterCard is giving them that opportunity. Over the Internet we can try and find ways to create offers and drive peak interest to programmes where fans can pick the team of the century.

So there are a number of different ways in which MasterCard can use baseball as a platform to reach you the consumer who cares about baseball. That's sports marketing for us, part of our overall integrated marketing discipline.

For properties, it's completely different. For them, sports marketing is the marketing of properties to amass a greater position in the consumer's mind. I think for the properties it's a share of consumer's mind, how much time and interest are they going to give to any individual sport or event.

The third group of organisations would be those brands or groups that are intrinsically a part of sport. I mentioned Gatorade where I started, or Nike or Anheuser-Busch or Coca Cola, that are definitively a part of the game because of the essence of the brand, and they use it entirely differently: it really is a way that the consumer is fulfilling their expectation of that brand.

For Nike or Gatorade it is intrinsically part of the sport, but for them sports marketing is different because their brand is about sport. I kind of look at it that way, that it really depends what your business objective is. Sport is the vehicle to achieve a lot of different marketing goals.

DS: What do you perceive as your major role as the person responsible for sport marketing at MasterCard?

JP: My role here in trying to lead our US initiative is to strategically make sure that we are best leveraging the relationships that we have in sports. So, we have MLB, the National Hockey League (NHL), golf and the many bodies that are involved in professional golf such as the PGA of America for the PGA Tour and the Royal & Ancient Golf Club for the British Open, as well as our relationship with Major League Soccer (MLS).

My role is to make sure that strategically we are best leveraging those associations. Again, because we are not intrinsically a part of sport we have to find ways to reach those consumers and we have to strategically make sure that all are reinforcing our brand position, ultimately to drive credit card usage.

That's ultimately my goal – to make sure that we are using those properties to meet our overall marketing objective which is to drive brand preference and usage.

DS: Now, let's say there was a decision by your advertising manager to advertise during the Superbowl, or to use a sport celebrity to endorse something that may be related to one of your properties. Do you have any role in that?

JP: That's actually two different points. Decisions to advertise in the Superbowl or any other National Football League (NFL) game are going to be made by the advertising group *and* media group to determine the best reach of our overall media plan. While they are certainly going to inform me of our decision to advertise or not to advertise during the Superbowl, that's not really a sponsorship decision.

The question is: "Are you going to use the platform to reach as many people as you can or are you going to more efficiently spend your dollars elsewhere?" That is something that every company goes back and forth on on a yearly basis.

When it comes to dealing with sports celebrities, absolutely I would be involved, but honestly we have taken the position with our campaign that it is really not about celebrities. For us it's about the emotional connection with everyday life and things that matter to people.

So you have not seen a lot of celebrities in the MasterCard "Priceless" campaign. You know, we *do* work with Tom Watson and Justin Leonard in golf and our [sponsorship] group manages those relationships, but that is a very important tactical element of our golf initiative. If we were to look at sports celebrities, it certainly starts with our group. But what we have to do is make sure that it is in line with our overall strategy in the brand and right now that is just not in our plan. For MasterCard, it's not about celebrities; it's about that emotional connection. Really, it comes down to our group giving input if we are to go after celebrities.

DS: Is the money that is committed to advertising [during a sporting event] a part of your budget or the advertising budget?

JP: Our budget really focusses on rights and leverage; we allocate part of the advertising budget to sponsorship, it's committed in the contracts that reside here, but the budget sits in advertising.

The interesting part of MasterCard's structure is that we are all part of a North American marketing group. So, I go to a staff meeting with our boss and we've got advertising-sponsorship-promotions-Internet-product development all sitting at the table at the same time. While it sits in a different budget, we're all part of the same group. It has one boss. It is not as if advertising is in a different area, reporting to somebody else. We're all part of the same team.

DS: That's interesting because it's been said that sports marketing is the ideal department to be in because of all the perks. How is that perceived in MasterCard?

JP: I think that that probably was true in a lot of companies five years ago. Maybe three years ago. We are not going to survive if that is how we're perceived – parties and perks – we have to be an integrated part of a marketing solution or we're not going to exist.

I've spent a lot of time working with the other disciplines to make sure that they're leveraging our properties effectively. So, you know, we have task forces of marketing people and promotional professionals, advertising experts, media experts and folks who understand the Internet, that all work intricately on our properties.

Essentially I think in the old days sports marketing groups would sometimes isolate themselves because they didn't want to share the toys, so to speak. You can't think like that in an effective organisation. You have to be part of the marketing group, understand the bigger objectives of the company and say "how can these properties best fit the objectives?" That is what we do.

So I think if you were going to ask the folks around here, we are just another part of the marketing discipline.

DS: So you're accepted as an equal partner?

JP: Yes. That is exactly right.

DS: I'm sure that you receive many requests for sponsorship from different properties. Can you describe to me a typical process you go through in choosing the properties?

JP: You know, we probably get about 50 proposals that I see a week and I can honestly say that I don't think we have sponsored anything new in the last one-and-a-half years. I think the established brands understand what is important to them, and have done the consumer research to understand the segments and audiences that they are trying to reach.

It is very difficult in today's day and age for the generic sponsorship proposal that comes across your desk to work, especially on a national basis. We have tried very hard to focus in on properties that are going to match various audiences and fit into our overall portfolio. So, while we certainly look and are continuing to evaluate the properties that we have, for us it's really about MasterCard deciding what we are going to go out and go after, rather than waiting for a proposal to come to us.

For example, the MasterCard All-Century baseball team that's going to culminate in Game 2 of the World Series was really a joint effort by MasterCard and MLB to build a platform. It wasn't baseball coming to us with an idea saying: "Here's what we want you to sponsor". It was a collaborative effort that would work for both us over the course of the 1999 season.

I'm not trying to avoid your question, but we really have not taken any new initiatives because if we were we would go out and find what we were interested in. And I think, quite honestly, we are not waiting for something to come to us.

And I've had a chance to talk to a number of folks in the top 20 companies that are involved in spending in sports, and I think that most of them would say the same thing: that they are going to drive their ship where it makes sense for their brand. While you may ultimately get proposals, you probably solicit the things you want.

DS: From the list of properties that you are sponsoring right now, it looks very much like you have concentrated on well-established, somewhat conservative types of sports, such as golf and baseball, for example. But there is a whole world out there of extreme sports and other new types of properties. Do you have any plans to sponsor those?

JP: We keep a very close eye on the emerging sports and cultural activities. Our philanthropic group, which is not a part of our area, does quite a bit for initiatives on a regional and local basis. Yes, extreme sports is something that we look at, especially if our media partners such as ESPN or NBC approach us with various extreme opportunities. That's really something that we evaluate.

Quite honestly I think that the networks, or someone like a network property coming to us, is going to be of interest because it can tie back into our campaign. But we are quite selective. Our budget is certainly bigger than a lot of companies but it's not as large as some others in our category. So I think it is easier to spend a lot of money sponsoring programmes when dollars are working for you.

For us working dollars behind our brand position, behind the advertising campaign, are really important, so while we certainly look at those opportunities we have shied away from them to date because we are have not seen a return of investment. I guess that is the easiest answer but we certainly keep our eye open to all potential opportunities.

But I would honestly say that, you are going to continue to see MasterCard doing fewer things better than doing more things.

DS: What sort of research are you doing throughout an event or following an event?

JP: I'll actually walk you through the All Century team again which I think is a good barometer of what we are doing. We are actually measuring the success of that programme in four ways. Again, it was a programme that was designed to launch at the All-Star Game in July and take us through the World Series in October.

There are four ways of analysing the success of an integrated programme like this. First, we have an ongoing marketing mix regression analysis model that looks at all aspects of the marketing mix. It plugs in economic data based on what's going on in the economy at the time. Now on a yearly basis we would be able to say how effectively various elements of the marketing mix are working against the overall spend. And from that standpoint we've come up very well in the last two years showing that an integrated marketing model behind sponsorship is very effective in terms of the return on dollars, both to MasterCard and to the member banks.

So the marketing mix analysis on an ongoing basis that looks at the broader spectrum is kind of the macro approach that we have to look at to see how we are doing individually in the various groups.

The second piece of it is really an awareness and attitudinal study of major league baseball fans, both the casual and core fans, as to their impressions about the brand, preferences of the brand, usage of the brand, pre and post a program like the All Century team. So we have a pre-wave study that went out before the program began, another wave when our advertising ended in September, and a third following the World Series.

So we were able to gauge against that audience how we're doing in terms of pushing the levers. We were also able to gauge usage at K-Mart, as well as on a national basis during the usage program platform which would have been July-September. So we were able to look at year against year in that particular merchant to gauge whether we were able to actually shift card usage as part of the program.

And the last part of what we're doing, is looking at our advertising tracking study to see how ads for sponsorship and particularly promotion of the All Century team performs versus all the other advertising that we have in the "Priceless" campaign.

So the campaign has been a key driver for us in the last two years. It also allows us to measure how effective that sponsorship advertising is. What we've seen is that sponsorship executions in the context of those events are much more effective than other mainstream spots. So, we've got four measures which we look at evaluating a program and we try to gauge where were we effective, where weren't we effective and how can we do a better job next year. It's really quite a substantive piece of work that's being done by our research group. It is actually done by the MasterCard Internal Research Group.

DS: One thing that sponsors seem to be struggling with is how you separate the effectiveness of the advertising itself from the sponsorship. For example, some people claim that the millions of dollars that are spent on buying the rights to be an Olympic sponsor can be more effectively spent on traditional advertising [during the Olympic broadcast]. What do you think?

JP: I think that one of the things that we've tried to do, which is why you see us in the mix of properties that we're in, is minimise the rights-fees that we've paid to properties: instead we've looked at co-branded or property-themed advertising. We have accounted for that spend as part of the contractual commitment that we have. So we spend less money on rights-fees with MLB than maybe other brands that are sponsoring baseball, because we make a commitment of significant advertising behind MLB.

We commit to do big integrated promotions that are going to help baseball and MasterCard together. We'll do things on the Internet for them. We'll spend locally at the team level where we can activate and show a direct return. So what we've tried to do, in addition to putting all these measures in place is to reduce the non-working rights fee dollars and put our support behind the properties and programs that we're going to be involved with.

So, it's dropped the rights-fees, increased the contractual marketing commitment so that you know the dollars are working for MasterCard and not just the property. And that's how we are able to say: "Yeah, these dollars are committed to a property but we can measure them as part of MasterCard's marketing mix rather than just dollars that are going to pay the right to be the official card of major league baseball."

DS: You can also learn a lot about sponsorship from the failures. Can you give an example of that with MasterCard?

JP: Yeah . . . I think that MasterCard has had a history of stops and starts in sponsorship. I would point to a golf tournament that we sponsored in Hawaii, The PGA Grand Slam of Golf, which brought the winners of the four majors together; MasterCard was the title sponsor.

Ultimately, I think it was MasterCard chasing after an involvement in golf without strategically tying it back to a strategy that would fit with the brand. And, we were in it for a number of years, and there were poor ratings, no one attended it, we weren't able to develop any promotional programs around it. Ultimately we backed away from it because it just didn't work for us.

I think that the problem there was that we got into it without ever having a strategy as to how we were going to use it and how we were going to leverage it. And that is one of the key things for companies that are going to be successful. Before you ever get involved, you have to understand how it is going to fit into the overall marketing mix – know what your objectives are for the sponsorship. And for us, we've got a dual event strategy in golf that is going to take us and our money to the biggest events, where the biggest audience is watching, where you have the most fans on site, where you have the best ability to get the member banks to participate in the programs that we're going to involve, programs where merchants are going to get excited.

So, we support the US Open, the British Open and the PGA Championship, three of the fours majors in golf, as the presenting sponsor on ABC. Those, along with the PGA Tour, are all points of the golf portfolio that our merchants, our banks, and ultimately our consumers who are golfers, care about.

We went after an event like the PGA Grand Slam thinking that we could build it into something that would work. The reality was you have to really look at what the consumers are going to care about.

That is probably one of the ways where I see things going in the future. I think that ultimately consumers are the ones who are going to tell us where things are going to go. And ultimately we have to be listening very well and understand consumer behaviour, and that is going to tell us what the most effective programs are going to be.

For us, we didn't do that with a program like the Grand Slam in golf and it wasn't very effective. We had to get out of it. We spent three years in a property that really wasn't going anywhere.

DS: What about a successful effort? How do you leverage your sponsorship investments?

JP: Well, again I am going to point back to the All Century team. It started at the All-Star game, and it worked on multiple levels.

It was a program that was meant to reinforce the brand position. We were able to create a usage program: every time you use your card, you are automatically entered to go to the World Series, sit with Willy Mays and Hank Aaron and other great baseball players that would be a truly "Priceless" experience.

Consumers could vote on the players that they thought were the best players of the century. Ballots were available at the stadium, they were available at K-Mart, you could vote on-line, so we were able to tie our merchant partner K-Mart into the program. We tied it into our advertising with the Priceless advertising spot, showing consumers that if they use their card they too could be sitting in a game with Hank Aaron and Willy Mays. And, ultimately we'll pay off this program at Game 2 of the World Series when the 18 living players who are part of the team, along with the images of those who have passed on, are introduced before a National TV audience on NBC in pre-game of Game 2.

You'll see a lot of MasterCard activity woven into the World Series and the play-offs through the All-Century Team and our advertising. So for us, this is a program that has taken kind of the assets and jewel events of baseball, and married it up with our brand position "The Best Way To Pay For Everything That Matters", to build a big integrated program that had Internet, advertising, promotions, member bank involvement, a merchant partner – again bringing all aspects of our mix together.

We really work on an integrated model that has advertising as the glue for what we're doing. Sponsorship of the properties, along with acceptance of our product, the promotion of our product, the actual various products that we have, the corporate product, the debit product, etc, are all built to drive preference and usage and ultimately build programs that our member banks are going to be able to take and embrace, and bring to their card holders. There are multiple facets of the mix that we need to be able to leverage and that is really what we are able to do with the All Century team.

And again, it goes back to what we talked about, that we've got specific measures that are in place to make sure that the various aspects of each of those elements is as effective as it can be. Because ultimately you are right – we are not doing a better job, and I think that our marketing mix is showing us that when we do all these things together, it is more effective than a dollar being spent in any one of those areas.

But if we are not doing that, then get out of sponsorship altogether, and put the money elsewhere. I think the approach that I take is if we're not doing it more effectively than spending the dollar somewhere else, then spend it somewhere else because we are not intrinsic to sport, we're trying to use sport as a vehicle to reach consumers. It's a critical point of difference for us.

DS: What about ambush marketing?

JP: We have tended to stay away from ambush marketing. Our budgets just are not big enough to effectively go out and try and fight our competitors in the Olympics or the NFL, it just doesn't make sense. We may advertise in the NFL because it makes sense as part of an overall medium plan, but not to tactically try and ambush the sponsorship.

We have to be able to leverage our properties vertically and go as deep as we can, and not spread ourselves too thin. I think that one of the things we have tried to do is to really focus and differentiate the areas that we are committed to and not spread ourselves across too many different sports or properties.

DS: Most of the managers involved (I think that a study showed that a significant number, about 66%) don't see it as unethical. They see it as a legitimate way to do business. What are your feelings?

JP: I think there are some great examples of very effective ambush marketing. It depends on what your objectives are. Why are you getting involved in ambush marketing? What is the reason for going in that direction rather than trying to build a program that will reach consumers in a meaningful way about your brand?

I think the shoe wars, the beer wars, the cola wars – there are some very interesting studies of ambush marketing that are done that have been effective. In our category, which is somewhat different and unique, we are trying to create points of difference and trying to show consumers what the value proposition is from MasterCard versus our competitors. For us to do that, it has to be about our brand.

And I think that a lot of times, ambush marketing is about knocking somebody else off a pedestal. That is not what we're trying to accomplish as a brand so ambush marketing is not a tactic for us. We're not trying to create consumer confusion. We are trying to avoid consumer confusion.

But I really think it depends on the category of the business situation. What are your budgets? Where are you trying to spend it? Are there other ways to reach consumers?

The shoe wars are a good example. You may have to ambush market if someone has the rights because all of your key consumers are focused on the same point of difference. For us, in this category, we're a vehicle through which payments are made. So, for us, there are a lot of different ways to reach you and impact which cards are going to be in the top of your wallet.

And ambush marketing for us, in a sports property, probably isn't the most effective way to try and change your behaviour. For us, it is about trying to build a value proposition that differentiates our brand from our competitors.

It really goes back to what are your objectives for getting involved in ambush marketing. I don't have a problem, *per se*, with ambush marketing. But I think for us as a company, philosophically, it is not a direction we are going in. Does that make sense?

DS: Yeah! So, If you feel it is the right business decision in a certain situation, you will not avoid it.

JP: If it is legal. The example of what was going on with the NFL and Coors – I mean you walk a fine line if you are going to end up in court. Then it may be unethical or it may be illegal. But if it's a very legal way to try to approach your business proposition and reach consumers, then – if you play by the rules and it just happens to be that you are going to reach consumers around it, you know what? It is a free country.

DS: I once asked Michael Lynch [Vice President for Event Marketing at VISA USA Inc] a question about ambushing. He said that his company had an opportunity to ambush MasterCard at the World Cup Soccer, but decided not to do it because everyone would end up losing.

JP: That is my point. We could all go and try to ambush each other everywhere we go, but we are not going to have enough money to do that. So from MasterCard's standpoint, I don't believe in ambush marketing. But I think that there are certain business situations that, if you can effectively leverage your brand position to reach consumers, and you do it well, fair enough.

However, I think the term ambush marketing in its purest form is probably unethical because you are trying to create confusion and blur the line. If you are simply using an event or using consumer interest in something and you play by the rules and you more effectively leverage an event than somebody else does, that is just good marketing.

I think there is a distinction between directly trying to sabotage someone else's efforts and good smart strategic marketing. I think that is probably a difference, and something academically that is interesting for folks like yourself to look at is: who crossed the line and really was attacking another brand and trying to knock it off? And that goes on between the other two competitors in our category as it relates to the Olympics. We don't get involved in that – we stay very far away from it. But I think that there are good examples of great strategic marketers.

I will give you one example that I think has been very very effective: Snickers. Snickers in sports has used its brand platform "Not going anywhere for a while?" and created great great advertising, great consumer promotion, and done a better job than people who may have paid the rights fee.

Have they crossed the line? Probably not. They've just been better strategic marketers in leveraging their brand and brand position that they had and used sports as a vehicle to do it.

I don't look at that necessarily as ambush marketing – I look at it as good strategic marketing versus someone going out and trying to knock somebody else's program down. And there are certainly plenty of examples of that that have gone at some of the bigger events over the last 10 or 20 years.

DS: But sponsors are going to properties and saying, "Hey, you are not defending us. It's your responsibility."

JP: And I will tell you that I think that's exactly right. If properties are going to go out and sell, they need to be able to guarantee to the partners they are working with that they are going to give them a clean venue and a clean opportunity to reach the consumers and differentiate their message.

The onus is on the property to be able to offer what they've sold. Now if they can't control it, then they are not going to get as much money from a company like MasterCard for the rights that they are bringing forward. If they are offering a clean venue and a clean telecast and clean Internet access to a property then the onus is on them to protect it.

Once you get *past* that, then the onus is on brands like MasterCard to best leverage the properties that they are involved with. I believe that if you spend all the money on rights and you don't have any money left to leverage the property, then shame on you. If the property doesn't protect the sponsor, that's where I have a problem with the property.

I think that there are a lot of grey areas when it comes to that subject. We are in a category that is very challenging. You've got big spenders. If you think about sponsorship clutter – just in general, you've got Nike, Coca-Cola, adidas, Pepsi, Gatorade, Reebok, Miller, Ford, McDonalds. In almost every survey of sports sponsorship awareness, those brands come through because they are the top ten spenders in terms of sponsorship advertising.

So for MasterCard, it's difficult to break through there because we just don't spend as much money as they do. But there is a cluttered playing field and I think that clutter in sponsorship is one of the key issues that we deal with all the time. It's not so much the ambush marketers in your own category, it's a property selling to 30 other people with a limited window to reach a consumer. Everything looks like wallpaper to consumers because they are so inundated with a variety of messages from different brands and different companies and from the properties themselves. Clutter is a huge issue.

In addition, if you look at a brand like ours, Visa has a huge investment of the Olympics. They'll hit next September. What does that mean for a brand like ours as we try to market our own properties? It creates a challenge for us . . . how do you work around that because you know that they're going to put a big integrated effort behind that?

DS: It's only two years between Winter and Summer Olympics now.

JP: That's right – every two years, so we have got to think about it every other year. Working with big members, how do we best create programs that can be leveraged by our members, but then the properties turn around and say to us "well, if they want to leverage us, they need to become a sponsor as well".

The whole issue of pass-through rights in our category is one that is very troublesome because we need to be able to leverage programs with our members to be most effective, yet we are sometimes restricted by the properties in terms of what we can do to leverage their property with our business partners. And then, different categories have different levels of effectiveness. Consumer research will say that consumers may be buying a soft drink 50% of the time based on their experience with the sponsorship platform. It may be only 15% as it relates to a credit card because there are other factors that are involved in the payment service industry.

You know, the banks control relationships. You may be an air miles junkie – that's going to be the influencer behind the decisions that you make. There are a lot of different things that come to play on this. There are a lot of different issues that we go through.

You know ambush marketing is certainly one of the topics that we discuss, and we looked at the companies that we thought did it well. There are certainly lessons to be learned. But it has got to be for the right strategic business decision. And I do think that there are ethical and legal concerns that you absolutely have to keep in mind.

DS: What about the influence of the Internet on sponsorship? I just read in the Wall Street Journal that the International Olympic Committee (IOC) is now starting to sell advertising separately on its official site. And the sponsors are complaining that they already pay so much for sponsorship rights that they shouldn't be charged again. What is your view?

JP: The Internet, in so many different ways, is going to change the way that consumers interact with every aspect of life. Be it e-commerce, how sports fans interact with their property, how people who love to travel get their information, how they buy their airline ticket. Who knows . . . look at a crystal ball and try to figure it out, the melding of what ultimately gets into the home is the final source of content.

I think ultimately content is one of the key drivers of where sponsorship is going to go. To date, the biggest partners of sports properties have been their network partners. They pay the most money, they get the most rights of access to the properties themselves. You know, the Internet offers so many challenges and opportunities. It allows a company like us to have a one-on-one relationship with you that we might not otherwise have been able to have, and to know what you like.

The concept of permission marketing opens doors of opportunity in the area of things that you like. If you like baseball, there are a lot of things MasterCard can do for you. In the short term, it is going to continue to grow as a vehicle, properties will either decide to partner with ESPN, or SportsLine, in building their sites or go it alone. And there are going to be issues in regards to sales. You may have the first right of refusal on the Internet, but if you don't buy it, we can sell it to your competitor. There will be all sorts of issues like that.

You'll also have Internet companies, the ".coms", that have gotten all of this investment capital infused into them, that look at sports as a very good way to reach consumers to build their brand. It is just from a brand awareness standpoint. So, while companies like MasterCard and Coca-Cola may say, rights-fees really should be coming down, these guys are going to inflate the sponsorship market just as they've inflated the advertising market.

I mean, if you look at the number of advertisers in the Superbowl, the prices that ABC is getting is for the Super Bowl is driven by one factor, the ".com" money that is coming in to this market. It may not be as sophisticated as looking at spending from the more established brands. So I think the whole boat kind of rides in terms of cost because you've got a new entry, in a new category.

But ultimately, depending on how the consumer gets the contents of sports and entertainment, whether it will be some melding of Internet and television and high definition television, will really determine where the future of sport goes. Do the broadcast networks, 10 years from now, maintain their exclusive national windows with the property, or are we as MasterCard going to have to work with an AOL, who is now the content provider to consumers in all of its different forms across the country? I think that is going to be a fascinating thing for folks like us to look at.

In the short term, it is certainly a tool and a part of the marketing mix. In the longer term it could fundamentally change the way that consumers interact with sponsors.

I mean, who's to say there's not an NFL channel on the Internet where you can watch any game from past or present, at any time, with real-time access to the things that you love? It could completely change the way we have to think about marketing.

Again, the interactivity of what it's done, along with the fact that there's a lot of money being spent by companies that are Internet-based, is going to shift the landscape of who's involved and who are the big spenders in the sporting environment.

For us, that could raise the cost to a point where we can't play any more. That's certainly something that I could see that could become cost prohibitive for a brand like ours to be able to use sport. When you've got 90%-plus brand awareness in the US signage is certainly a part of the mix but not the be all and end all.

MasterCard has point-of-sale signage in every retail establishment on the register or on the door that tells people that our card is accepted there. If that doesn't change behaviour at the point of sale, is a sign of the ballpark necessarily going to be the determining factor? No. It's part of an overall mix in raising consumer's awareness. But, for a .com that wants to raise its awareness to attract people to its site, signage could be a very very efficient way of doing that and getting exposure across a consumer base that has no idea that it exists.

There are a lot of challenges and opportunities that the Internet presents and I think most of the change that you see in sports sponsorship over the next 10 to 15 years will be driven by the Internet. I think that the Internet will cause more change to sports sponsorship and an evolution in our industry than maybe has occurred over its entire first 30-year history.

DS: I also think that the Internet will open the door much more for ambush marketing. It's very easy to link one site [of a non-sponsor] to another site [of a sponsor], and people will have an even more difficult time to identify who is the sponsor.

JP: You're absolutely right. And that's why I am saying it could fundamentally change the way that sponsorship is taken because ultimately the way you interact with it could totally change. I know that's why the properties are trying so hard to protect the integrity of the real-time content of their properties.

If a consumer can access that content on the Internet in a lot of different places, you're right, there are easy ways to ambush. But I think that the interesting part about sports, in my mind overall, is that if you look at what NBC paid for 27 episodes of ER: they're paying the staff an incredible amount of money, the actors that they have on a weekly basis to put that program together. The last two games of the New York Yankees-Boston Red Sox American League Championship Series baseball playoffs has created four hours of great drama, unscripted, that will keep going every night for the next three weeks to the culmination of the World Series. There's content there that still is able to attract a big audience, which is why it's attractive to us, on a national scale. And for the networks, it gives them an opportunity to still break through the clutter and diversification of audience opportunity.

But ultimately the Internet can change all that. That is something we'll look closely at. I don't think anybody yet has quite figured it out because so many pieces of it are unknown. The end users for example, how do they interact with it? The content provider, the advertisers, we're all still trying to figure it out. I don't think anybody's there yet. But it's certainly an exciting time. I don't know what your thoughts are from the academic side?

DS: We have been involved with several studies. Following the World Cup Soccer, we carried out a study focussing on the use of the Internet as a source of information about the event. We found that about 18% of our respondents actually followed the World Cup through the Internet. We also collected the same information previously, following the Winter Olympic Games in Japan, and it was significantly less. It was a huge jump from about 2% [Winter Games] to something like 18% [World Cup Soccer]. We also looked at how they learned about

sponsors. What was interesting to us was that many people learned about the sponsors from the official World Cup Soccer site, AOL, ESPN and so on, yet very few mentioned that they learned from the sponsors' sites themselves, even though they say they visited the sites.

JP: I will say you could've said the same thing about us a year ago. You could've gone to our site and not known what was going on. If you went to our site during this promotion, or you go to our site during the World Series, there's not a way you're going to be able to miss what we're doing. Nor if you go to a baseball site will you be able to miss it. So, a year ago, it was an afterthought – now it is right up there with all the other elements of what we're doing, to make sure we're extending it on-line.

I can show you in the follow-up to what we're doing, NBC and SportsLine, this afternoon, are the two key parts of the meeting that we're going to have. So, you are absolutely right – the awareness among the sponsoring governing bodies, as well the sponsors themselves, has gone through the roof because of more and more consumers.

I mean, golf – look at the number of golf sites that are out there and the propensity of the golfing audience to be on the Internet is such a perfect marriage that we're looking next year at a lot of our programs being driven by the Internet. Big golf advertising programs that will be almost exclusively on-line. We may take it from the print and television media, but we're going to drive them through the Internet so we can interact with them, and make it a real-time promotion.

DS: Surely the fee will now increase because that is another way to leverage and exploit the property?

JP: But the question though is if they'd taken a short-term approach and sold off their rights to a third party who's out doing the selling, then essentially they're treating it the same way they're treating their broadcast partners. We may be obligated to making a buy on the Internet and we may have to look at it as another part of our media mix, but it's not going to be part of the rights-fee. It will be part of a third-party negotiation just like we have in baseball with Fox and NBC that originates from our contractual baseball relationship, we're committed to a certain level of advertising spending. We've exceeded the level of contractual spending that we've had in each year because it made good business sense based on the CPM and the return on our investment to make those media buys.

I think the Internet for the short-term, because the properties have all sold off their rights to either ESPN or SportsLine, we're going to be dealing with those companies as a part of an integrated media buy. Not so much as taking the property and increasing the rights-fees.

I think that is one of the things you could look at: as the properties grow, do they want to retain control of their site and control the sale, or are they going to work with a third party to do a better job of managing it? Ultimately, for sponsors, it becomes just like a network buy – part of the overall spending behind the property. But we're not going to spend more money with a property because we still have to go and spend more money elsewhere to buy the rights to the Internet site.

DS: Well, the IOC are trying to sell the rights for the Internet separately themselves.

JP: And what they are finding is, with NBC for example, that they are running into problems. It is easier, quite honestly, for them to sell it off and say "You know what, it's just like television". If you don't buy it or you don't buy category exclusivity, it's open to be sold to anybody that is out there that wants to reach consumers, and it's another vehicle just like television or radio or print. But if they control it, like the IOC, it is much more difficult for them to look at their sponsor, their partner and say: "Oh, and by the way, if you don't buy it it's going to go to one of your competitors". Because then, you are dealing directly with the person you supposedly negotiated an exclusive agreement with.

It's a very interesting dilemma that properties are going to face as they go forward because they may be in a better place to maximise it by letting someone else sell and essentially distancing themselves from the ambush opportunities that are there.

DS: Given what happened with the Olympic scandal, let's suppose something like that happened with one of your properties. What would MasterCard's reaction be? I ask the question because some sponsors have supported the IOC while others have threatened to cut their support. What's your position?

JP: I think that the answer is that we have tried to build very solid business relationships with the properties that we are working with. But we look at each situation and evaluate it based on what's in the best interests of MasterCard.

I'm not at liberty to comment on what went on with the Olympics because it's really not our place. But we are going to look at each property and each situation. We've got clauses with the folks that we work with, whether it be an endorser or advertiser that relates to ethics and morality, and if it's not in the best interests of the MasterCard brand then we would probably not be supportive. If it is something that we felt our support could help to affect change, we would look at it in the context of the overall relationship, what the situation is in hand and make a business decision.

It is impossible to look into a crystal ball and say: "This makes sense, we would absolutely stand behind the property or we are going to bail at the first sign of trouble". Each one is an individual case that you have to evaluate.

I'm not trying to avoid the question, but I just don't think that you can make a blanket evaluation of something when you don't know what the issue is or what the problem will be.

DS: Thank you, Jeff.

JP: Okay. Thank you. ●

Biographies

As the Vice President of US Sponsorships & Events, Jeff Price is responsible for leading the marketing integration initiatives behind MasterCard's US sponsorship portfolio including Major League Baseball (MLB), golf, National Hockey League (NHL) and Major League Soccer (MLS). During his tenure MasterCard has secured its relationship with MLB, while also renegotiating its sponsorship agreements with the PGA Tour, MLS and the NHL. Under his leadership, MasterCard's sponsorship team has created the MasterCard MLB All-Century Team program and capitalized on the excitement behind Major League Baseball's Home Run Chase between Mark McGwire and Sammy Sosa.

Price joined the MasterCard International sponsorship team during the summer of 1997 to lead the company's golf integration efforts. Overseeing MasterCard's PGA Tour, PGA of America, event and player relationships, Price was responsible for directing an integrated, cross-functional team focused against leveraging this priority sponsorship.

Before joining MasterCard International, Price spent 18 months in Dallas with Universal Sports America as Vice President, General Manager launching the new Big 12 conference marketing program. Prior to his time in Dallas, he spent three years working for the Gatorade Company in Chicago as Manager, Sports Marketing. His responsibilities included negotiating league, team and college sponsorship contracts as well as working with the Western US Regions developing sponsorship promotions.

Price began his career with NBA Properties in New York where he worked in Team Services and Event Marketing during his five-year tenure. A graduate of Bates College and the University of Massachusetts Sports Management Program, he currently resides in Connecticut with his wife Krista.

David Shani is a Professor of Marketing and the Co-ordinator of the Marketing Program in Kean University. Dr Shani received his Ph.D. in marketing from Columbia University in New York in 1987. He is the co-founder and the current co-leader of the AMA Sports and Special Event Marketing Special Interest Group (SIG).

Dr Shani has published and consulted extensively in the areas of ambush marketing, sponsorship, relationship marketing and global branding. His articles have appeared in *International Journal of Advertising, International Marketing Review, Journal of Advertising Research, Psychology and Marketing, Sports Marketing Quarterly, Journal of Consumer Marketing* and more. His current work focuses on the problems and opportunities of sports marketing on the Internet.

Winthrop
Publications Limited
International Journal of Sports Marketing & Sponsorship
Volume One, Number Four
Winthrop Publications Ltd
Garfield House
86-88 Edgware Road
London W2 2YW
Tel: +44 (0) 171 915 9634
Tel: +44 (0) 171 915 9636