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WHY NGOs MATTER FOR THE SUCCESS OF SPORTS EVENTS: THE CASE OF THE AMERICA'S CUP

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Abstract

Collaborations between companies and NGOs have been widely described in literature. Little has been said, however, on how NGOs can become a key success factor for sporting events. To reduce the uncertainties linked with consumer responses, the assumption taken in this paper is that the study of behavior of the so-called "NGO activist" has become a better indicator than consumer responses in gauging the success of sporting events.

The illustration of the America's Cup provides an alternative framework to show how collaboration with the NGOs can create value for all stakeholders of the sporting event, and can even determine the evolution of the sporting event.

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"Activist NGOs are the shock troops of the Civil Society."

Sustainability, UNEP and Global Compact, 2003

Much of the literature about Corporate Social Responsibility ("CSR") and sporting events is suffused with Cause-Related Marketing ("CRM"). Little has been done, however, to foster CSR in terms of *stakeholder* analysis. The aim of this paper is to think about the benefits of considering Non-Governmental Organizations ("NGOs") as key drivers in the success of not only the sporting event but also the success of the other stakeholders in the 'orbit' of that event – these stakeholders may include citizens, the city, the sponsors, and even other related sport events. In short, our aim is to show that the benefits stemming from a connection to the NGO's behaviors are also conferred upon the sporting event and all its stakeholders.

The insights provided by NGOs' collaboration with companies have been widely described in literature (Drumwright, 1994, 1996; Waddock and Smith, 2000; Austin, 2000). However, there were no studies concerning the NGO's impact on sporting events.

This paper is based on two main assumptions:

- 1. As sporting events are becoming more and more professional, they can be compared to companies. Therefore, collaboration with NGOs has to be encouraged.
- 2. Consumers can no longer be considered as the most relevant key actor for companies and sporting events because they are re-active to change, whereas the necessity to create or capture value forces sporting events to look for pro-active partners. Besides, the emergence of "Civil Society Governance" is based on social, environmental and ethical criteria. In both cases, NGOs are more relevant partners than consumers.

From these two assumptions, we can deduce that the new key figures of the upcoming governance are those NGO members that will be called "NGO activists" in the rest of the paper.

¹ Instituto Noós financed part of the study.

Indeed, it is the pro-active nature of the NGO activists combined with more sporadic dynamism from NGO supporters which justify this major change.

The case of Shell and Greenpeace in the North Sea in 1995 is paradigmatic of this new situation. Indeed, the behavior of the NGO activists sets in relief the importance of environmental criteria for oil companies far ahead of the market, and brought this to the attention of the consumers and oil companies. Such a change means that the activists do not exclusively represent a threat of attack against a sporting event but can also constitute an intangible asset if a business niche is associated with an emerging need. Therefore, the planning of sporting events should consider the incorporation of NGOs in order to increase their chances of success.

The 32nd America's Cup in Valencia (Spain) will be used to consider the advantages of incorporating NGOs into the management of a sporting event. We will look at its success due to the major financial knock-on effect of the sporting event, and at its lack of cooperation until now with the NGOs. This is in contrast to the management of two other major sporting events, namely the Olympic Games and the Soccer World Cup, which did consider and act upon issues of CSR and sustainability. The possibility of highlighting some benefits to the major promoters and stakeholders of the regatta will open new perspectives in the collaboration among NGOs and sporting events.

Hypotheses

To minimize the uncertainties often linked to consumer responses, the assumption taken in this paper is that the NGO activists' behavior has become a better indicator (than consumer response) of the success or failure of sporting events, and can help to forecast the future evolution of those events.

The lack of insights provided by consumer responses in favour of sporting event development, coupled with the rising influence of stakeholders – among them, the NGO activists – make necessary to develop a theory based on the study of activist behavior (see Jacopin and Fontrodona, 2007, forthcoming).

Such a theory is necessary for the following reasons. First, their hypothetical actions against the sporting events have to be contemplated to find remedies. Second, the sporting events need to create methodologies to find reliable partners among NGOs. Third, thanks to their predictive perspective, NGO activists are the strategic link that enables the formation of a profitable customer base.

In the first part, the focus will be on the lack of insights provided by consumer responses to guide sporting events ever closer to their customers. This is the reason why the establishment of an alternative model based on the Civil Society and the different stakeholders is mandatory to unite (at best) sporting events with consumers and citizens. The third part will focus on the specific case of the America's Cup presenting the mapping of the selected NGOs first and then analysing the consequences of the prescriptions provided by NGOs.

Methodology

As it is an exploratory survey, a low number of cases will provide sufficient insights to spur future projects. Our selection of NGOs has been according to their field of expertise, and in four different areas (environment, sport, development and Valencia NGOs). The decision to prioritize these areas can be justified by their direct relationships with this specific sporting event as well as their main relevancy among NGOs.

In-depth interviews with qualitative questionnaires were undertaken, while taking into consideration the fact that, in many NGOs, a very small number of people are involved in decision-making. Greenpeace, WWF/Adena, Intermón – Oxfam, Red Deporte y Cooperación, Deportes sin Fronteras, Dona Lliure, Societat Valenciana de Ornitologia and CIDEAL took part in this exploratory survey, with 42% positive answers.²

Theoretical Framework

Consumer responses constitute an essential area of study for marketers. Nevertheless, the insights provided by consumers are not as valuable as they should be in the context of generic and sporting literature. An additional problem arises from the governance shift towards "Civil Society Governance" that forces marketers to contemplate the replacement of the consumer by the NGO Activist as being the most important figure in a sporting event.

"Although a handful of studies have investigated the effects of various associations on consumer responses, their results are equivocal (e.g. Bolger, 1959; Clevenger, Hazier and Clark, 1965; Cohen, 1967; Hill, 1962). The inconsistent results leave marketing managers with the intuitive implication that a good image is probably better than a bad image (Brown and Dacin, 1997)". The impact of consumer response has remained unclear – for instance, some researchers such as Belch and Belch (1987), Wansik (1987) and Keller and Aaker (1994) found a positive correlation between positive corporate image and consumer response; Goldberg and Hartwick (1990) found correlation between consumer response and advertiser reputation, and Keller and Aaker (1992) found correlation between consumer response and corporate credibility. On the other hand, Shrimp and Beaden (1982) did not find any strong correlation between the reputation of the company and the consumer response. On their side, Brown and Dacin (1997) considered as well that the perceived differences in consumer responses were justified by the fact that "not all corporate associations are alike".

More specifically, the study of the correlation between consumer responses and sporting events provides the same uncertainties. Correlation with things such as sponsor recognition, image transfer from event to brand and favourable attitudes towards a sponsor were developed by Gwinner and Eaton (1999), Johar and Pham (1999), Pham and Johar (2001), Speed and Thompson (2000), and Roy and Graeff (2003), yet the latter study found that brand is only moderately related to brand/event fit.

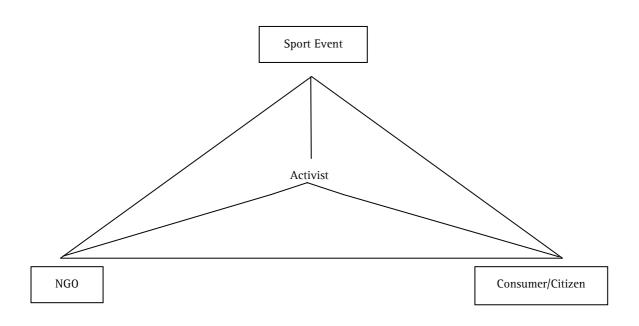
Moreover, there is a problem that has not yet been dealt with – specifically, when the target audience of an event is a very small sample of the general public, then the wider general public

² Local associations in Valencia (from El Carmen, El Cabanyal and El Campanar) were also to take part in this survey, but so far it has been impossible to get any feedback from them. Two more NGOs promised to answer the survey... we shall see.

can feel alienated by the perceived importance of that event in which they have no interest. In that case, to avoid potential conflicts arising with other stakeholders, the core target audience should no longer be the priority of the sporting event organisers. A multi-stakeholder dialogue approach should be developed to optimise the success of the sport event.

Figure 1

The New Framework under the Civil Society Governance



Source: Adaptation to Sport Event, from Jacopin and Fontrodona, (2007, forthcoming).

In that sense, the trend towards a new governance – what we call Civil Society Governance, in reference to the stakeholders – supposes the rise of a governance based on financial, environmental, ethical and social criteria, and one that is *more* complex than the previous, mainly finance-driven Corporate Governance. In that new arena, the NGOs are facing a new role and their exponential growth has brought them recognition from companies and nations. This context can provide sources of competitive advantage for the first companies that collaborate with NGOs. The same can be said for sporting events, the earlier they get involved with NGOs, the sooner they will be able to reach new target groups, ahead of their competitors.

Despite this, many companies and sporting events have been reluctant until now to contemplate the benefits of incorporating NGOs into their stakeholders, mainly due to their different opinion about the activists' increasing tendency to advocacy³ and eventual boycotts.

The awareness concerning the stakeholder issue has continuously increased in sport literature (Mason, Thibault, and Misener, 2006; Wenner, 2006; Mahony, Hums and Riemer, 2005; Mason

³ The current NGO range of activities includes the "outreach, direct lobbying, education and research they undertake to raise awareness and contribution to public dialogue on issues at stake on any given relief" (Kappaz, 2001). Their transition from service delivery to this new mission was developed to justify their funding with respect to their own stakeholders and to be able to cope with the increasing levels of competition among NGOs.

and Slack, 2001; Trail and Chelladurai, 2000). Nevertheless, the benefits and obstacles that NGOs can bring to sporting events have not yet been studied.

In that sense, concerning obstacles, if the organization of the boycott has corresponded far more to political and company issues, the 'professionalisation' of sporting events changes the way sporting events can be perceived. Therefore, sporting events can become victims of boycott as well if they do not take sufficient care of their different stakeholders and, among them, the NGOs. Events such as the boycott of Areva for the 31st America's Cup by Greenpeace activists in 2001 are likely to occur much more frequently. The segmentation and consideration of NGOs are therefore key issues for sporting events if they want to avoid boycotts or, at least, not to be seen as remote from the preoccupations of their customers or, more broadly, the general public. As a boycott's effectiveness is high in the short term and then decreases over time (Friedman, 2002), and as the main change in boycott organizations has been the fact that NGOs and activists are now typically the catalysts of the frustration or claim of consumers and citizens, the interest to study the activist, rather than the consumer, is completely justified.

The shift towards Civil Society Governance has favoured a better acceptance of NGOs. Thus, the dialogue with NGOs can be contemplated more easily because of the potential for competitive advantage resulting from collaboration with NGOs. Therefore, sporting events require a new approach when considering their stakeholders. This study deals specifically on how the sporting event organizers can improve their knowledge of the NGOs involved in their field.

The America's Cup

The America's Cup is the oldest sporting event in the world, and undoubtedly the most prestigious trophy to be won in sailing. The first event took place in 1851 around the Isle of Wight, in England. *The America*, a racing vessel from New York, won the competition and gave its name to the competition previously called "The 100 Guinea Cup". The winner received the "Deed of Gift", which declared that any sailing club from anywhere in the world could challenge the winner of what was now called "The America's Cup".

The New York Yacht Club managed to keep the trophy for 132 years and 25 challenges, a unique phenomenon of superiority in sporting history. Nevertheless, in 1983, an Australian vessel achieved the impossible and, due to the ancestral rules bound with this trophy, the 100 Guinea Cup moved to the southern hemisphere for 4 years before returning to the US after another American victory. The superiority of the American sailors did not last long, though, as the Cup headed back to the southern hemisphere again 4 years later and remained for 8 years in New Zealand till Alinghi, the Swiss team, won the Deed of Gift.

This meant that Alinghi and Switzerland had to organize the following America's Cup but, as every schoolboy knows, Switzerland has no sea coast. Therefore, a competition among 60 cities was organized to establish the location of the 32nd America's Cup, with Valencia eventually winning the privilege to host this most prestigious sailing event.

Winning the right to host the America's Cup is not the same as winning the competition itself, and may be considered a far greater challenge. Indeed, the economic impact of hosting an event lasting from October 2004 till July 2007 is enormous, particularly the impact on the construction and tourism industries. To this end, KPMG (2004) undertook a study which estimated that the growth impact on the Community of Valencia would be around 1.7% versus 1.1% for the

previous edition of the America's Cup. Moreover, it would generate €3,150 million in production, taking into account the direct and indirect effects, and would create some 27,760 jobs during the whole duration of the competition, with some 70% of the profits remaining in the Community of Valencia.

Nevertheless, KPMG (2004) pointed out "the considerable (lack of) awareness of the actual indicators and development projects generated by the America's Cup, which leads to a low preparation level in the business community of Valencia". Informing target audiences of the benefits of sponsorship could have helped develop the mental associations bound with the sponsor or the event.

Moreover, there is that other problem that has not yet been dealt with – that of the target audience being very small compared with the general public, and thereby the general public can feel alienated by the perceived importance attached to the event. Being a high-profile media event (and being seen as somewhat elitist), the America's Cup can be considered a likely case where the effective target groups have been reached successfully but where the general public has been kept apart from the sporting event (or at least feels distanced), despite the public's enthusiasm or willingness to be involved (Factiva, 2005).

That "lack of awareness" highlighted by KPMS has progressively decreased in the population of Valencia (Instituto Noós, 2006), and, as a result, the collaboration between the America's Cup management and the public authorities of Valencia (united behind the "Consorcio Valencia") have succeeded in designing new processes to create value for their main targets, namely the media, sponsors and sailing teams. The America's Cup management had ample opportunity for creating value by increasing the number of tournaments before the final, thereby increasing the exposure of their own sponsors, and that of the generic sponsors of the event, through the resulting increased impact in the media.

In that sense, the current paper acknowledges the general public's lack of interest or lack of opportunity for involvement by considering the NGO activists as the most likely to increase the chances of the Valencian people's involvement in the America's Cup.

NGO Mapping

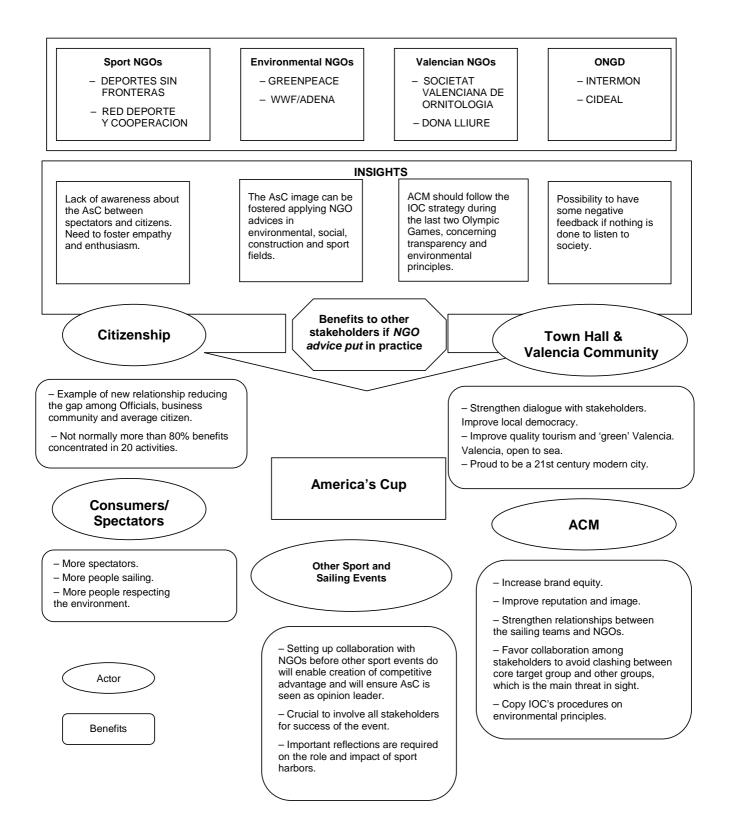
In order to use a multi-stakeholder approach, this study realized a mapping of NGOs bound with the America's Cup. Greenpeace, WWF/Adena, Intermón – Oxfam, Red Deporte y Cooperación, Deportes sin Fronteras, Dona Lliure, Societat Valenciana de Ornitologia and CIDEAL were the eight NGOs interviewed and dispatched according to their status be they environmental, developmental, sport or Valencia NGOs. The results of this qualitative survey are presented first, NGO by NGO. Later, we present a new global framework to improve communication with the America's Cup as well to foster change.

The beneficial impact of the America's Cup on the Valencia Community has until now been considered by all NGOs to be minimal, whether for the general public, for the environment, for the real estate sector, or even for the sporting event itself. Nevertheless, all the NGOs are willing to get involved with the America's Cup to help things change, and they all consider that they share the same values as found in sailing, such as team spirit, solidarity, sharing. Nevertheless, it has to be noted that only two NGOs, Intermón-Oxfam and Red Deporte y Cooperación, have effectively tried to get in touch with the sporting event organization or sailing teams.

Red Deporte y Cooperación announced their intention to lead a project from October 2005 with the South African team.

Thus, the organization and the sailing teams have the opportunity to influence the NGOs and to try to foster a new dynamic that will help to satisfy all the stake-holders and feed back the perception and the psychological associations of the America's Cup. Such a move would be as relevant as the International Olympic Committee's (IOC) decision to involve NGOs in setting standards for the Olympic Games. Benefits that Could Be Set Up by Fostering Collaboration Between NGOs and the America's Cup

| INTERMON Fight against poverty. Fight against poverty. Fight against poverty. Vision on AsC - "Technological, cold and frivolous" sport event - Infrastructure problem. - Lack of social perceptions around the AsC. - Change the current image. - Change the current image. - Option offered by Intermon was to include 3,000 volunteers around the AsC. - Option offered by Intermon was to include 3,000 volunteers around the AsC. - Possibility to raise funds thanks to AsC. - Dotion offered by Intermon was to include againing of solution. - Dotion offered by Intermon was to include by funding. - Dopin a alir trade shop in the harbor. - Dopen a fair trade shop in the harbor. - Copen a fair trade shop in the harbor. - Tester sustainable development and generate trust instead of being preoccupied by funding. - AsC need to get closer to general public and humanity. | CIDEAL <i>Mission</i> Cideal is a Spanish NGO dedicated to research, training and technical assistance in the international Cooperation. <i>Vision on AsC</i> - Away from their core business because it is a minoritary sport and not about development. Possible benefits of collaboration - Nevertheless, interest in using AsC to open kids to new environment and to consider sport as way out of underdevelopment. - Communication campaign against poverty. However, problem of how the campaign is set up. | |
|--|---|--|
| SOCIETAT VALENCIANA DE ORNITOLOGIA Mission Sudy, protection and sensibilization to birds and to their environment. 200 members and 800 sympathizers. Vision on AsC — Harbor is separated from City and lack of current benefits to Valencia. — Huerta" (fertile ground) has been sacrifized to increase size sport harbors. — Problem of sustainability. — Autocratic power from Town Hall. — AsC used as an excuse to restructure historic boroughs such as El Cabanyal to expel low waged earners and favor new real estate projects. Possible benefits of collaboration — Improve quality of wath ananagement of City — > proximity with local democracy. — Open the City to the Sea respecting the environment and change the motto "at the back of the sea". — Incredible platform for NGOs as solution providers and for AsC to compensate environmental current lack of interest. | DONA LLIURE (Based in El Carmen) Mission Assist mistreated women at the psychological and juridical levels. Vision on AsC Far from core preoccupation. Possible benefits of collaboration - Involve the cause of the Mistreatment against women as an option to improve image of AsC. - Involve more historical boroughs and their low wage earner inhabitants into AsC benefits (e.g. Problem in public school). - Importance of sport entities in Spain to vehicle a social message. - Improve communication because maybe many projects are developed but lack of awareness from general public. | |
| GREENPEACE Mission International and independent NGO with 3 million members. Greenpeace target is to protect and defend the environment. Vision on AsC Far more than sport event. Lost opportunity for a sustainable project (e.g. Construction of Valon). Possible benefits of collaboration Fossible benefits of collaboration with previous initiatives. Fossible benefits of collaboration with previous initiatives. Sustainable issue bound with common values about satimable issue bound with common values about satimable satimation. Funprove quality of coasts and beaches. Improve quality of coasts and the sustainable projects as word in harmony with the Nature. Vision on AsC Not the environment (renewable projects agout environment promoting a word in harmony with the Nature. Vision on AsC Not the environment coast protection) Improved the environment coast protection) Possible benefits of conlaboration of the beaches. Take environmental crite | | |
| DEPORTES SIN FRONTERAS <i>Mission</i> Different by Sport Students and its target is periou by Sport Students and its target is opportunity to improve life standards and values. <i>Vision on ASC</i> – Low level of awareness about AsC. <i>Possible benefits of collaboration</i> – Collaboration about 0.7 against poverty would improve image AsC. – Involve people with physical disadvantage or kids into regatta (in the same way as in the Olimpic Games) —> more spectators. – Involve kids in building boats with own material. – Collaboration and changes the sport event image. RED DEPORTE Y COOPERACION <i>Mission</i> – To promote sport as instrument to social integration. Unique Spanish Sport NGO committed to UN 2005 sportind var. | View of AsC A top media sporting event but very elitist and aimed at wealthy target group. However, sport ambassadors such as the new such as the new sport. Lack of tangible benefits for social and societal aspects up till now. Confident these benefits will arise before, 2007. Possible benefits of collaboration Environmental and educational aspect of sailing to improve image. Meeting forecast in October with ACM and South African hoast and to organize activities with children. More educational and educational aspect of sailing to improve image. | |



Conclusions

Instead of trying to foster consumer response insights from another perspective, this contribution decided to take into consideration the shift towards the Civil Society Governance where the NGO Activist constitutes the main emerging stakeholder for the companies. This work was based on the assumption that sporting events should be likened to companies. Therefore, sporting events "have to let NGOs be and act as NGOs" Simmons (1998) because that is the only way to reach the "critical cooperation" Covey and Brown (2001), defined as "the possibility to manage not just cooperation or conflict but cooperation *and* conflict *in the same relationship*".

Future contributions should increase the size of the sample and evaluate to what extent the tools of consumer behavior theory can apply to activist behavior theory. Specific tools for the theory of activist behavior will have to be developed in the future to ensure that the CR practices are improved.

The main goal of this paper was to provide a new framework that favors the closing of the gap existing between NGOs and sporting events such as the America's Cup. The current situation of mutual ignorance could easily be changed, thanks to the common values shared by sporting events and NGOs. Moreover the current climate of willingness to find ways of improving consumer perceptions about the America's Cup should open new perspectives to this top class event.

| | People | Function |
|------------------------------------|----------------|-------------------------|
| INTERMON | Mr. Raventós | Marketing Area |
| CIDEAL | Mr. Gómez | President |
| Deportes sin Fronteras | Ms. Fírvida | President |
| Red Deporte y Cooperación | Mr. Dalury | Institutional Relations |
| GREENPEACE | Ms. Caballeros | Coast Area |
| WWF/ADENA | Mr. García | Coast Area |
| Societat Valenciana de Ornitologia | Mr. Peris | President |
| Dona Lliure | Mr. Xavier | Psychologist |

Interviews conducted in NGOs

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