

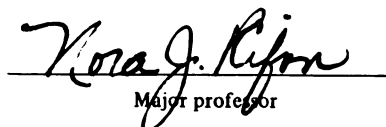
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**A COMMUNITY OF BENEFITS:
A CASE STUDY OF FORMULA SAE SPONSORSHIPS**

By

Samantha F. Spitz

A THESIS

**Submitted to
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in partial fulfillment of the requirements
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ABSTRACT

A COMMUNITY OF BENEFITS: A CASE STUDY OF FORMULA SAE SPONSORSHIPS

By

Samantha F. Spitz

Businesses use sponsorships as a non-traditional approach to breaking through the clutter of advertising. Sporting events and specific competitors are most popular with sponsors, and automotive racing receives the greatest portion of sports sponsorship dollars. Previous research has focused on sponsorships of professional racing circuits and nationally known companies; little is known about the effects of sponsorships of grassroots teams and circuits.

Utilizing the Michigan State University Formula SAE race team, this case study focused on the benefits received by the team and its sponsors, as well as the perceptions of consumers with varying relationships with the team. Qualitative data was collected through personal interviews, focus groups, and questionnaires of team members, parents, sponsors, alumni, and University representatives.

Results found several benefits received and expected by both the team and the sponsors. More importantly, the perceptions of the consumers revealed the importance of sponsor concern for community, the team and its members. Local sponsors were well received and seen as a best fit with the team and its needs.

This thesis is dedicated to my grandfather, Samuel F. Spitz, Jr., who passed away before he could see the Michigan State University Formula car and my graduation. It is his pride and passion for racing that will live with me forever.

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CHAPTER 1: INTRODUCTION

Technology advancements have made it possible for businesses to advertise in places far beyond the television and magazines. Now advertisements can be found on the sides of buildings, on animated signs, in the sky, on our computers, and anywhere else consumer eyes can go. Over the years, one form of advertising has caught the attention of several thousand businesses all over the world.

Sponsorship is an important part of the marketing mix that only recently has received academic attention. A corporation creates a link with an outside issue or event hoping to influence the audience by the connection. The benefits received from sponsorship include consumer recall of sponsor name, name awareness, and enhanced attitude toward the sponsor, and purchase intentions. Businesses also determine which type of event to sponsor. Sporting events, which are popular with companies and the most widely studied, include the Olympics, basketball, auto racing, hockey, or bowling (Burridge 1989; Crimmins and Horn 1996; Cornwell, Pruitt and Van Ness 2001; Lardinoit and Quester 2001; McDaniel 1999; Miyazaki and Morgan 2001; Nebenzahl and Jaffe 1991; Sandler and Shani 1989, 1992; Stipp and Schiavone 1996; Stotlar 1993).

Automotive racing tops the list of dollars spent on sports sponsorships. With the increase in popularity of National Association of Stock Car Auto Racing (NASCAR), Formula One, Championship Auto Racing Teams (CART), and Indy Racing League

(IRL), it is no wonder that companies such as Miller Brewing Co., DuPont, Heineken, Valvoline, and STP are on the top of consumer minds.

Large, multi-billion dollar corporations are well known for their sponsorships in professional racing. For small companies, there is a larger risk in participating in sponsorships due to the expenses, smaller audiences and reach, and unpredictability of events such as auto racing. With automotive racing being a high-risk sport, small businesses need to take extra caution in going forth with sponsoring a race team with this perceived image. For smaller businesses, local events in their community, including sports, offer more affordable sponsorship opportunities with locally targeted outcomes.

Professional sports that are likely to have wide media coverage and audience reach have been the focus of sponsorship studies. However, local venues, such as minor league baseball, backyard race tracks, and high school and college sports events, provide sponsorship opportunities that to date have been ignored by academic researchers. Notably, auto racing occurs throughout the United States on local tracks and at the college level through the Formula SAE racing competition. The Formula SAE team competition offers sponsorship opportunities with more local, community-based audiences. These audiences have more intimate relationships and a greater stake and interest in the team and its competition than national audiences have with professional racers. Rifon et al. (2003) suggest that audiences that possess greater involvement with a sponsored event or cause are likely to judge the motives of sponsorship, hindering the simple attitude transference mechanism used to explain sponsorship effects for major national sporting events (Crimmins and Horn 1996). Empirical findings support a mediating role of consumer judgment of sponsor motives for the development of sponsor

credibility and attitude toward the sponsor. When the audience views a more mercenary than altruistic motive to the sponsorship, it is likely to view the sponsor with less credibility than a sponsor with more altruistic motives. In Formula SAE, sponsors, team members, and other audiences are more intimate stakeholders than those previously studied by sponsorship researchers. Hence, sponsor motives may be important to the Formula SAE community.

The following thesis is an exploratory, case study of one, university-based, Formula SAE team. The study explores sponsorship in a local sports venue, with local and national sponsors. The study examines perceptions of the different sponsorship stakeholders, sponsors, team members, parents, and alumni, for their views of the benefits received by all stakeholders. Perceptions of benefits sought and received were considered indications of real and perceived sponsor motivations.

AUTOMOTIVE RACING HISTORY

American sporting traditions exist in a wide variety of areas. On Sundays there is professional football, college basketball in March, and all summer long baseball is seen and played all over the country. One sport has just as much tradition, in the United States and all over the world, over the past one hundred years with a much broader following. The sport of automotive racing has been around since the beginning of the automobile industry itself. Today, the sport has expanded to include several professional, semi-professional, and amateur circuits spanning a wide variety of automobile types.

Karl Benz of Germany produced the first modern automobile in 1885; it was not until 1893 that automobiles were seen in the United States (about.com). It didn't take

long before the idea of racing these machines came to life. There is no reported date as to the introduction of automotive racing; however a successful progression throughout history can be seen with the introduction of racing styles and circuits. The earliest known race of an automobile from today's Big Three (Ford Motor Company, DaimlerChrysler, and General Motors) took place in 1901 in Grosse Point, Michigan, when Henry Ford's handmade machine outlasted then popular car maker and driver Alexander Winton (fordheritage.com).

Grand Prix, or long road races, were some of the first known forms of racing. France held the first French Grand Prix in 1906, which led the way for the introduction of the Twenty-Four Hours of LeMans. LeMans, a twenty-four hour endurance race of "street" cars, ran its first race in 1923. Over twenty years later, the United States saw professional racing come alive with the birth of NASCAR (National Association of Stock Car Auto Racing) in 1948. NASCAR races slightly modified street stock sedans around an oval track for four to six hundred miles. Stock car circuits are a true test of driver ability due to the rules restrictions placed on the design and manufacturability of each racecar. Road races were soon developed for speed and handling ability. The most popular circuit, Formula One, began in 1950 and pioneered the way for future road races.

Hundreds of circuits have begun since mid-century including rally or baja, truck racing, dirt track cars such as sprint and modifieds, and shifter carts, to name a few. Circuits can be found all over the world at professional levels or even in one's own backyard. Today, race circuits are not always created for the sole purpose to race a vehicle. Rather engineers and other technical professionals are establishing vehicles and

circuits to test the abilities of specific engineering components. Racing is shifting from a hobby towards a more professional industry.

FORMULA SAE: COLLEGIATE FORMULA-STYLE RACING

For those entering the world of engineering as a profession, the Society of Automotive Engineers (SAE) offers unique opportunities to challenge college students' ability to take what is learned in the classroom and apply it to a real world application. Two different competitions were developed: Formula and Mini-Baja. The research conducted for the purpose of this thesis will utilize the collegiate Formula SAE "circuit".

The University of Houston hosted the first ever Formula SAE, originally called SAE Mini-Indy, competition in the spring of 1979. Mini-Indy was created in response to the already successful SAE Mini-Baja competition. Organizers wanted a similar competition for engineering students that focused on the design of an on-road vehicle. During FSAE's sophomore year, restrictions on the engine rules led to no interest from participants. With some rule changes and a new location, Formula SAE was evolved in 1980. Four schools competed and Ford Motor Company and General Motors showed great interest. This first competition paved the way for the modern Formula SAE competition.

Since its beginning, Formula SAE continued to grow beyond the small competition in Texas. Organizers vowed to beat the Texas heat by moving the competition north to Michigan where the Big Three automakers (Ford Motor Company, DaimlerChrysler, and General Motors) increased their visibility at the competitions. Each company sponsored the event during consecutive years until finally in 1994 they

joined their ventures and all three served as the competition's top sponsors. Other changes included the introduction of prize money and new dynamic events. In addition to the Formula SAE event held in the United States, SAE expanded the competition to include events in the United Kingdom, Formula Student, and Australia, Formula Australasia.

With rule changes, including requiring four-wheel suspension, schools manufacturing a new car each year, and the increase in corporate sponsors and participants over the years, Formula SAE has been established as the most respected collegiate engineering organizations in the world. Today, the event is held annually every spring in Pontiac, Michigan, at the Pontiac Silverdome. Teams from all around the world come together and compete in the three-day event that includes both static and dynamic events. In 2002, 136 teams from the United States, Canada, United Kingdom, Mexico, Australia, Japan, and Puerto Rico competed for over \$35,000 in prize money.

Formula SAE has several purposes. First and foremost, the sport originated as a challenge to the minds of engineering students. Any engineering college may take part in the annual competition as long as it is properly registered with the Society of Automotive Engineers and any student attending that institution may be a member of the team regardless of his or her academic background. The rules allow for creativity in the overall design of the racecar; however safety issues narrow the field in certain areas of the car. The competition allows for any and all schools to compete, assuming they meet the minimum requirements. Even then the school may be able to compete only in certain events eliminating discouragement and gaining experience for the young engineers who are responsible for the entire design and manufacturing processes of the vehicle. Like

other collegiate sports and professional organizations, the competition also serves as a vehicle for students to be noticed by future employers, and for schools to enhance their reputations as a top engineering school.

Formula SAE teams gain real-world experience in all, aspects of engineering through the creation of their vehicle. One of the most critical elements before a car can even be designed is the element of funding. Teams are required to establish a method to finance their projects; most teams do accomplish this through their university and sponsorships. How teams acquire sponsors varies from team to team; however most teams tend to seek contributors in similar categories.

Often, universities are able to provide some, if not all funding to Formula SAE teams. Other teams approach businesses for financial, material, parts, machining, and service contributions. These businesses could include those in the automotive industry such as automobile manufacturers, automotive parts suppliers, machining services, and automotive material suppliers. Non-automotive related sponsors could include grocery stores, home improvement stores, restaurants, designers, software companies, or even personal donations made by local firms, families, and alumni members. In either category, teams can view their sponsors as either national or local businesses. National businesses are simply those who serve the greater part of the United States, while local businesses may focus their business within a specific state or region within a state.

There have been no academic studies on FSAE sponsorships and the true value of these sponsorships remains unknown. Immediate benefits of the contributions made are easily seen in the development of a Formula SAE car; however the long-term and psychological benefits are the questions that still need to be answered. In order to

understand the depth of Formula SAE sponsorships, what is already known about sponsorships must first be examined.

MICHIGAN STATE UNIVERSITY FORMULA SAE

Each team participating in the Formula SAE competition has a different size budget, competes in various SAE and non-SAE sanctioned events, and displays their vehicle differently within the community. Michigan State University FSAE has a fluctuating annual budget of approximately \$30,000. This includes monetary donations, as well as donated parts, materials, equipment, and services. Each year the team competes in the Formula SAE competition in Michigan and also tries to attend one or two Sports Club Car of America (SCCA) events. Attendance at non-SAE sanctioned events depends on available funding, weather, and time commitments of team members.

In addition to races, the MSU team displays the vehicle at several events in the community. On campus, the car can regularly be seen in the Engineering Building during the first weeks of school for team recruitment and in the homecoming parade each fall. Michigan State often hosts events for local schoolchildren in which the Formula SAE team is asked to display the vehicle. These events include Science, Engineering, and Technology (SET) Day for high school students interested in these fields and “When I Grow Up,” an event exposing young children to the numerous educational opportunities in college. Periodically, the team is often invited to display a car at various businesses and professional conferences in Michigan. Events are also hosted by the team where sponsors, parents, faculty, and alumni are invited to drive old cars, meet the team, unveil a new vehicle, or to see the shop. The car displays sponsor names and at all of these

events, the car is the star. Hence, sponsors enjoy more public exposure and advertising of their sponsorship with the team's attendance at local events.

CHAPTER 2: LITERATURE REVIEW

SPONSORSHIPS

Society has become full of clutter from advertisers and marketers attempting to get their company or brand name in the consumer's eye. Promotional and communication techniques have been attempted, and often failed to replace or complement advertising efforts. Sponsorships have been used over the past years as an inexpensive and effective method to cut through the advertising clutter.

Little is actually known about how sponsorships work. Most consumers and businesses believe that sponsorships are simply a means of financial support (McDonald 1991). Research has shown that a tremendous amount of research and preparation needs to be put in place prior to any form of sponsorship being established. One of the biggest and most debated issues still out there is the definition of the act of sponsorship.

Meenaghan created the most commonly used definition of sponsorships in that it is "the provision of assistance either financial or in-kind to an activity by a commercial organization for the purpose of achieving commercial objectives" (1983). Others have argued that the assistance is actually an investment in the event or cause to support corporate objectives (Gardner 1987), or even the exchange of cash for "exploitable commercial potential" (Ukman 1995). In the end, the basic idea of a sponsorship is aid, either with money, products, or services, given to an event, organization, or causes in order to meet specific marketing objectives by having the company and/or product name

associated with the sponsored activity or group (Abratt et al 1987, McDonald 1991).

This association could expand to a variety of creative methods depending on the nature of events and capacity of sponsorship.

In addition, businesses pursue sponsorships for the short and long-term benefits of contributing to a cause, event, team, or individual. These benefits could include consumer patronage (McDaniel 1999; Nicholls, Roslow and Laskey 1994), consumer recall (Bennett 1999; Bloxham 1998; Cuneen and Hannan 1993; Hansen and Scotwin 1995; Nicholls and Roslow 1999; Pham 1992; Pope and Voges 1995; Rajaretnam 1994; Sandler and Shani 1992; Stotlar 1993; Turco 1995), positive (or negative) image of and attitude toward sponsor (D'Astous and Blitz 1995; McDaniel 1999; Nebenzahl and Jaffe 1991; Otkar and Hayes 1987; Rejaretnam 1994; Stipp 1998; Turco 1995), and sponsor recognition (Bennett 1999; Bloxham 1999; Johar and Pham 2001).

Sponsorships are not black and white. There are several types and levels of sponsorships, as well as participants involved. Corporations can either sponsor an event, organization, or a cause. 'Event sponsorships' are just that, support for a variety of events including, but not limited to sports, arts, music, and social events. The sponsorship could further entail the inclusion of the sponsorship of the broadcast, television or radio, of the event (Meenaghan 1983). Organization or cause-related sponsorships support specific groups or causes, such as a marching band, Students Against Drunk Driving, cancer research, or Society of Automotive Engineers. 'Commercial sponsorship' is often used in reference to any marketing communications activity that directly or indirectly benefits society (Meenaghan 1983) and 'corporate sponsorship' is cash or services donated by a

company for the "rights of association with that organization's name and exposure to that organization's audience or customers" (Clarke 2000).

Gardner and Shuman identify four different participants in the sponsorship process (1987). The first are the corporations who are actual or even potential sponsors of the event. These could include large, international corporations, small, mom-and-pop businesses, or anything in between. Distributors of the product brands, or channel members, make up the second set of participants. The actual organization being sponsored and the public make up the final groups. The public, or more commonly referred to as the audience, is the largest participant group because of the unknown true size of this population. This is the group whom the sponsoring company is trying to reach through the sponsorship.

Advertisers utilize sponsorships for similar reasons to using advertising. Both hope to create, increase, or alter awareness of the company, increase sales, increase exposure, or establish certain characteristics related to the products or services (Cornwell 2001). However, the biggest difference is that sponsorships are better able to make their way to the surface, cutting through the clutter of advertising. With this, consumers tend to be more responsive to sponsorship activities than those of advertising (Meenaghan 1983). However, sponsorships should not be established instead of advertising; rather they should be conducted in conjunction with each other (Clarke 2000). Keeping this in mind, it is critical for companies to evaluate their marketing efforts and conduct the proper research in order to determine if sponsorships are right for them.

The act of sponsoring has come a long way over the years; it is much more than simply attaching a name or logo to an event (Hoek 1999). Today sponsorship is moving

away from top executives pet projects to attempts at giving back to society (Shani et al 1996). Several reasons have been given for this "change of heart" and more often than not it has little to do with a company trying to increase sales by doing good. Abratt et al believes that our environment includes businesses of all sizes, with that there is a desire by all in the environment for there to be some sort of interaction between the two (1987). One of the best methods to do so is through sponsorships because of the ability to be associated with all aspects of community life. Abratt et al go on to identify four reasons for this great fit: philanthropic desire to help, social awareness, blatant advertising, or a combination of these. Besides moving to more philanthropic reasons, the business of sponsorship is becoming more professional (Burridge 1989). Companies are realizing the greater benefit to sponsoring an event or organization than merely getting their logo out there, entertaining their clients, or providing an outing for employees. These are still occurring; however it is being seen as a part of overall marketing and advertising campaigns. Many realize that sponsorships are a great technique for gaining exposure for small amounts of money.

Money for sponsorships, as previously stated, goes to a wide range of events, organizations, and causes. However, most money is put toward sporting events. In 1996, \$5.4 billion was spent on sponsorships with more than \$3.54 billion (65%) spent on sports (Shani 1996). In 1999, these numbers increased to \$5.85 billion spent on all corporate sponsorships and two-thirds (\$4.55 billion) spent on sports alone (Cornwell et al 2001). The biggest reason for the high numbers of sports sponsorships is because sports have the ability to appeal to all audiences including both participants and spectators (Abratt et al 1987). Producers and sellers of consumer goods benefit the most

from these audiences because sports fans are the most loyal to sponsoring companies of their favorite sport(s).

Besides the endless number and levels of sporting events, sponsors have five different methods in which they can participate (Abratt et al 1987). A sport can be sponsored either in general or in particular. General participants are those who sponsor a category, such as NASCAR. A particular sponsorship is a little more defined, for example, the NASCAR Winston Cup Series. Or, on more local terms, a general sponsorship of Little League versus a particular sponsorship of the Little League Junior Series (age nine to twelve). Sponsorships can be more specifically defined by a competition in the sport (Coca-Cola 500), a team within a competition (the Roush Racing Viagra 6 car), or an individual athlete (Mark Martin, driver of the 6 car or Sammy Sosa of the Chicago Cubs).

SPONSORSHIPS IN RACING

Automotive racing is becoming the fastest growing spectator and participant sport in the United States (Cornwell et al 2001), with NASCAR outpacing every major sport (Motorsports Management 2002). All forms of automotive racing are very attractive to companies interested in sponsoring sporting events. The two main reasons for this are 1) racing's ability to "advertise" companies on the sides of the cars, on drivers' and teams' suits, around the track, and in the stands, and 2) the wide range of socio-economic demographics and family-oriented target market established by the racing industry (Motorsports Management 2002).

Racing has become an ideal sponsorship for businesses because it allows for some room to personalize the sponsorship package. BurrIDGE identifies this as buying the "whole package" because there is more than just the car (1989). A company buys into the driver as a person, the country the team or driver is from, the success of the car and the team, the overall attitude of the sport, and the image portrayed by the sport and team. In NASCAR, businesses want their name associated with Dale Jarrett and Mark Martin, two winning drivers who currently sit in the top ten. Italian companies tend to sponsor the Ferrari team while English companies prefer Jaguar; and some Japanese companies may show more interest in Formula One driver YakuMA Sato than they would German Michael Schumacher. This is definitely not every case, but success and team/driver origin often play a role in the end decision (BurrIDGE 1989).

Image also plays a crucial role in the decision to enter the automotive racing industry. It has not been until recent years that racing has earned a respected image from society. In the overall spectrum of racing, Formula One has a more prestigious image than other forms of racing. However, NASCAR has begun to establish a more upscale image with its spectators, participants, and business partners (Anonymous 1998). In addition to the sport itself, the drivers create an ideal image of their own. First, athletes in general are seen as heroes because they portray a healthy lifestyle that builds character and develops the individual as a successful person (Abratt 1987). Racecar drivers are viewed as strong role models who possess "strong family values on and off the track" in comparison to other professional athletes (Motorsports Management 2002). Sometimes a driver will emerge who is not well liked by the fans because their actions at the track do

not agree with fan expectations, yet this is seen far less in racing than in the NBA, MLB, NFL, or NHL.

A possible determinant for the positive image carried by automotive racing is the idea that race teams fully understand the impact sponsors have on their sports. The industry knows that there would be no racing without the support of sponsors (Littman 2000). Sponsors gain sales from the fans and if there is no racing, there are no fans. Therefore, the industry encourages fans to support the sponsors (Anonymous 1998). Interestingly enough, NASCAR fans are the most brand loyal fans in all of professional sports. Research has shown that approximately seventy-two percent of race fans are brand loyal and fifty percent of fans switch brands to one that is sponsoring a race team (Leftone 1999).

Marketers are more eager than ever to get their hands dirty in the racing industry. By merely looking at the numbers, a very successful pattern emerges. During the nineties, attendance at NASCAR events rose by ninety-one percent, or 15,430,000 fans (Motorsports Management 2002). This increase placed automotive racing officially as the largest spectator sport in the United States with growth rates twice that of the NHL, four times of NBA, and thirteen times that of the NFL. Formula One racing did not experience as dramatic of an increase of fan base as did NASCAR; however F1 racing sees an annual growth rate of one percent with ninety million viewers in fifty countries (Burridge 1989). The internationally popular Indianapolis 500, championship race of the Indy Racing League, is considered the largest one-day event in the world with 400,000 fans in attendance and media coverage all over the globe (Cornwell 2001).

Names such as STP and Penzoil are synonymous with racing. These brands serve as sponsors of teams and races, as well as commonly used products in the cars themselves. Other brand names have made their way into the racing world as well such as Budweiser, Winston, and Coors Light; it is these brands that race fans favored. With the increase in popularity of racing, spectators are not the only ones becoming fans. NASCAR reported that nearly half of their fans are female and companies took advantage of this opportunity (Oneal 1987). In 1987, Procter and Gamble spent nearly five million dollars to sponsor five stock cars bearing brand names like Tide, Folgers, and Crisco. Hanes Hosiery spent one million dollars to sponsor then unknown, Sterling Marlin. A decade later, Visa spent approximately ten million dollars toward a NASCAR sponsorship (Lefton 1999). With increasing price tags, 2002 finds a wide array of official sponsors including America Online, Rubbermaid, Sharpie markers, Singular Wireless, Sprint, Lowe's, and even Viagra.

HOW SPONSORSHIPS WORK

For professional race circuits, sponsorship money comes easily. Smaller companies, and even lesser-known race circuits participate in sponsorship activities as well. More research and careful consideration needs to take place when selecting the best fit. Meenaghan recommends companies interested in becoming a sponsor first set objectives as to what they wish to accomplish through sponsorship activities (1998). Specific objectives will better allow for the selection of the most appropriate event/organization to sponsor as well as the type of sponsorship implemented. Objectives should be specific to what the company hopes to achieve through the

sponsorship including: increase repeat purchases, increase brand and/or company image, promote product trial, encourage contributions, or generate company interest. In addition, it is important to understand why the company would want to be involved with sponsorships. Sponsorships are an excellent tool for those companies wishing to advertise or promote their business; however companies getting involved with sponsorships merely for the opportunity to go sailing, attend a game, or drive a racecar should not expect much success (Burridge 1989).

Extensive research should be conducted when becoming a sponsor of an event or team. The three areas to focus on are: what to look for in an event/team, how to plan the campaign, and how the two will meet the company's objectives. Several researchers indicate that the most crucial step toward becoming a sponsor is selecting the right event or team to sponsor, or finding the right fit. David Shani and Dennis Sandler suggest using a three-step process for selecting that perfect sponsored activity: 1) classify events using the Sports Event Pyramid, 2) select the event level that best meets the company's objectives with accessible resources, and 3) utilize traditional selection criteria to choose a specific event (1996). These steps were originally geared toward sports sponsorships; however with some minor adaptations, all sponsored activities can follow a similar process.

The first step in selecting the perfect event is to use the Sports Event Pyramid in order to classify events. When placing events in the pyramid, two dimensions should be taken into consideration: width and depth. The width of an event is the physical geographic reach for the event in the media and depth deals with the interest level of those the event reaches. With width and depth in mind, the pyramid is broken down into

five levels: Global Events, International Events, National Events, Regional Events, and Local Events (*see Appendix A: Table 1*).

Once a company's sponsorship possibilities are identified and classified, the level, then the event that best fits the established objectives needs to be selected. In selecting the event, three key factors need to be considered (Burridge, 1989). First, is the appropriate image being created with the event? The lifestyles of the consumers need to be properly matched with an event of similar nature. For example, automotive racing, particularly Formula One, is considered a technologically advanced sport because of the use of computer equipment to design, build, and even race the cars. Therefore, a good product fit would be anything high tech. Health products such as foods and workout equipment are best matched with weightlifting, aerobic, and running events because of the similar lifestyles possessed by the audience.

Otkar and Hayes identify a continuum in which the relationship between a sponsor's product and the sponsored event fall (Meehaghan 2001). On one end are the strongly linked products where the products are physically demonstrated in the event. For example, NBA basketball players wear basketball shoes and Nike makes basketball shoes; therefore Nike is a sponsor of the NBA. On the far end of the spectrum are non-linked items. This is where the product is merely related to an image or attribute of the event or event's audience. Otkar and Hayes provide the non-linked example that "a sport is played by virile people, virile people smoke Marlboro, and Marlboro is sponsoring [the event]." In between the two extremes are linked, but not strongly linked products. Here there is some sort of a relationship between the event and the product, but not one as clear-cut as strongly linked products. Televised events often are taped using a certain

brand of camera or video equipment, and often that brand of camera or video equipment is an official sponsor of the event showing an indirect relationship between the product and event.

Along with the image of the product, businesses need to be cautious in making sure the image of the event reflects the image the company wishes to achieve. In most instances, you will not see alcohol or tobacco companies sponsor marathons or Olympic events. Even some race teams do not have any desire to be associated with these companies. Some sponsors see successes and failures of teams as a direct reflection of their business success and failures. For example, international fashion company Benetton sponsors a Formula One team in which they actually take on the team owner role. This is done in order to make sure the team's management does not reflect poorly on the management and credibility of Benetton. Other companies establish similar relationships by selecting the "whole package." This includes carefully selecting teams or athletes of certain nationalities and even personality styles.

The event's audience make-up is the final factor to consider in selecting the perfect event to sponsor. Most researchers will argue that this is the most important aspect to meet as a sponsor. It is important to understand who is watching or attending these events. What are their demographics, lifestyles, personality types, beliefs and values? The relationship between the consumer and the event must be well understood as well (Gwinner and Eaton 1999). What image does the consumer possess about the event or team? Also, how many are watching, how are they watching, where are they watching from, and for how long should be carefully evaluated. Every event will have spectators, but it is those that have media coverage that will have the edge over other events. The

capabilities of the media can extend from local to national, international, or even global coverage. Obviously, the better the coverage, the more individuals the event will reach. The length of the coverage is also very important to consider. In recent years, cable and network channels are covering more automotive racing events. In addition, the average length of each broadcast increased, by fourteen percent in the late eighties alone. Sponsors should also be aware of what audiences purchase as well. Where they shop, what brands they purchase, repeat purchasing habits, price range per product category, and even how often they purchase these products are all questions one should ask about event consumers.

Once the respective event or team is selected for sponsorship, a carefully executed campaign needs to be established. Companies have to be cautious in planning the campaign to fit well with the sponsored event and/or team (Burridge 1989). The end goal for a sponsorship is to “maximize the return on [the] investment” which only *starts* with the writing of the check. Burridge states that those receiving the money are benefiting from sponsoring companies; however the involvement could turn out sour if the two do not work in cooperation with each other (1989). The wants and needs of both parties need to be clearly defined and a plan of action should be established.

Organization and professionalism is key when dealing with sporting events, especially in those instances when the sponsorship evolves from a special interest. Often sponsors will be required to include an entertainment or hospitality and advertising budget in the donated monies to provide services to fans, business associates, team members, or any other individuals who may be a potential customer or client. Businesses may be required to boost their own advertising and public relations efforts to keep their

name as well as their sponsorship activities in the public's eye. Burrige points out that involvement needs to be effective and it does not happen without strategic planning and preparation (1989).

Statistics have shown that a company can easily achieve its goals of increased sales, brand recognition, and effectively compliment its advertising through sponsorships (Gardner and Shuman 1987). In addition, consumers recognize the company's efforts to increase community relations and responsibilities, as well as create awareness and a positive image with both cause related and event sponsorship. *Special Events Reports* in 1994 stated "a sponsorship is worth millions of dollars primarily because it can have an impact on millions of consumers" (Crimmins and Horn 1996). Little research has examined how sponsorships influence the development of community relations and subsequent audience perceptions and behaviors toward the sponsor. For sponsorship to create positive community relations, consumers must accept the good will intentions of the sponsor. Recent research suggests that consumers infer motives for corporate sponsorships (Rifon et al. 2003) and that those inferences affect consumer response to sponsorship.

SPONSOR MOTIVES

Individuals naturally try to explain why events or certain outcomes occur (Weiner 2000). Heider explains this behavior as the attribution theory where causal inferences are identified as reasons for events. Consumers follow this pattern in their purchasing behavior. Presumptions are created based on a variety of product cues such as color, brand name, quality, store reputation, and reactions from others (Burnkrant 1982).

Sponsorships follow this theory in two ways. First, consumers often inquire within themselves as to reasoning for their purchase behavior or intent (Folkes 1988). This could include why they have purchased or selected a product, switched brands or followed the recommendation of the endorser of the product. Research has shown that fans of automotive racing are more likely to purchase or switch to those products of companies that sponsor a race team (Leftone 1999). Even though consumers may not consciously identify this cause, they are still aware of these sponsorships and the relation to the team and driver.

Consumers also try to recognize the intentions of the companies that sponsor teams and events. Rifon et al. (2003) suggest that that information about sponsor motives is not provided to the consumer; therefore they make assumptions as to the company's intentions and expectations. This behavior, in turn, creates a perception of company credibility by the consumer, which is used as a cue towards future business with that company. When consumers believe sponsor motives lean towards the philanthropic, consumers are more likely to develop positive perceptions of the sponsor. However, Rifon et al.'s study was performed with national sponsors and the results may not be generalizable for local companies and local events. In fact, the value of local sponsorships has been relatively ignored.

In the case of Formula SAE teams, the audience has a greater interest and involvement and therefore may be more sensitive to motives of sponsorship. The further one is removed from the team, the less likely a consumer would consider the sponsor's motive. This, in turn, reflects a certain level of credibility depending on whether the motive is perceived as altruistic or of selfish nature. Similar attitudes follow in the

perceptions of local and national sponsors in that the closer the team, or audience, is to the sponsoring organization, the more the motive and level of credibility changes.

STUDY QUESTIONS

As indicated in the literature review, sponsorships can take on a wide range of forms, and appear in contexts including causes, programming and events. A considerable majority of money spent on sponsorships goes towards automotive racing. These sponsorship dollars contribute to the success of racing, attest to the desire for companies to find new methods of getting their name in the consumer's eye, and build sponsor perceptions that auto racing is an effective use of those dollars. Indeed, the many forms of auto racing provide ample opportunity for sponsorships. To date, studies have examined mainstream professional racing, notably NASCAR and Formula One events.

This case study will examine Formula SAE team sponsorships. Formula SAE is notably different from other racing circuits. Professional circuits, such as NASCAR, Formula One, and IRL, have a large viewing audience. Millions all over the world are able to watch each race thanks to the advances in cable and satellite television.

Therefore, race fans are not only watching their favorite driver, they are also consumers being exposed to thousands of brand names in a short time frame. Because of the wide coverage, these brands tend to be those of national and international companies that can be available to almost every consumer. In addition, even though these fans are loyal to certain drivers and may know all of the statistics, there is little or no personal direct relationship with the team.

The audience for Formula SAE racing is different from the audience for other race circuits. In many ways it is similar to the backyard racetrack audience: it is hard to reach, localized, and its members have a close relationship to the race team. At first glance, this audience may seem undesirable to sponsors due to the uncertainty of obtaining and measuring positive sponsorship outcomes. However, it is this relationship with its audience that benefits FSAE and other localized circuits. Here, spectators are friends and families of the drivers and/or teams. Specifically for Formula SAE, this includes families and friends of team members, university faculty and staff, alumni, and industry professionals. The smaller, but more intimate, “fan base” creates spectators who have more involvement with the racing teams. Therefore, there is the potential for interaction between FSAE spectators and sponsors that is not available in other racing venues. Indeed, if professional racing can create customer loyalty for national brands, FSAE racing may create stronger customer relationships and loyalty for those local as well as national sponsors.

Research has been conducted regarding automotive racing sponsorships; however there have been no academic studies on the effects of sponsorships of local teams, and the relative benefits for local versus national sponsors. Formula SAE offers a context for the study of these issues. In the broadest sense, this case study will try to assess the potential value for local and national businesses in sponsoring a local sports team. Specifically, it will examine the benefits perceived by sponsors, audiences, and local team members for one, FSAE team. The case study will try to answer the following questions highlighting similarities and differences for local and national sponsors:

- Q1a. What benefits do businesses receive from sponsoring a local Formula SAE race team?**
- Q1b. What benefits would they like to receive?**
- Q2. What motivates businesses to sponsor Formula SAE teams?**
- Q3. What benefits do team members receive from sponsorships?**
- Q4. How do audience members respond to Formula SAE team sponsors?**
 - Q4a. What sponsor motives do audience members infer for sponsorship?**
 - Q4b. How does sponsorship influence audience perceptions, attitudes and patronage of sponsors?**
- Q5. How does the relationship between spectator and team influence the response to sponsorship?**

CHAPTER 3: METHODS

To answer the study questions concerning the involvement of local and national businesses in automotive racing through sponsorships, a case study was developed to gain better insight. The Michigan State University Formula SAE (Society of Automotive Engineers) race team was utilized to get the perspective of a single team, its sponsors and those involved.

MSU Formula Racing is an established collegiate team that has competed in the International SAE competition for over ten years. The team has been successful in gaining a variety of sponsorships throughout the years. The list of sponsors includes both national and local businesses, companies in the automotive and non-automotive industries, and financial, parts, services, material, and supply contributors. MSU FSAE serves as a good representation of any local race team from any circuit in the country.

The case study examined specific groups: team members, MSU faculty associated with FSAE, team sponsors, families of team members, and MSU FSAE alumni. The use of these individuals helped ensure that all viewpoints concerning the team, its sponsors, and the messages within were taken into consideration. It is believed that all parties have some role of involvement in the interaction with sponsors, whether it is direct, indirect, through the university, or as a consumer. Qualitative data was collected through focus groups for team members, personal interviews for faculty members, and mail questionnaires for remaining groups.

Twenty active members of the Michigan State University Formula SAE team, eighty percent of the entire team, were conveniently assigned to one of two groups (n=13; n=7). These individuals are the ones who have the closest relationship with the team's sponsors. Team members use representatives from outside organizations as resources to help solve problems or deal with issues that may arise for a specific component or piece of equipment. Also, they are responsible for recruiting sponsors and generating financial support for the program. Most interactions with any sponsors are done through various members of the FSAE team with little or no university involvement.

During each session, a moderator led the discussion and asked several questions regarding the team's sponsors, its motives and expectations, wants and needs of the team from sponsors, and the purchasing behavior of the team members. All focus groups were videotaped for further review.

Personal interviews took place with selected members of the MSU College of Engineering administration: Dean, Associate Dean, and Faculty Advisor. These individuals helped to provide insight as to how sponsor contributions are perceived by the university and college. There is a separate relationship that is created between a business and the university when donations are provided to the school or an organization within the school. It is imperative to understand the inner workings of this relationship and why it exists. There is little to no interaction between university administration and MSU Formula SAE sponsors; as previously stated, most is done with the team directly. In addition, administration and faculty members are also considered consumers and their attitudes and actions should be taken into consideration given their relationship with these businesses.

The third phase of data collection was done through questionnaires (*see Appendix B for questionnaire examples*) sent through the mail. These went to sponsors, parents of team members, and MSU FSAE alumni. Sponsors, with a twenty percent response rate, were separated into two categories: national (n=3) and local (n=2). National sponsors are businesses that serve the greater part of the United States. This may include franchises and chains, international companies, and businesses with several locations throughout the United States. Local sponsors are those businesses who primarily serve the state of Michigan or a region within the state. These companies may include those with several locations throughout the state and with customers primarily located in Michigan. Questions asked of sponsors pertained to their involvement with the team and university, expectations of team, motives (*see Appendix C for measurements used*) and credibility (*see Appendix D for measurements used*) of sponsors, and the history of their sponsorship to the MSU FSAE team.

The sponsor respondents included an automotive manufacturer, equipment supplier, materials supplier, parts supplier, and software supplier. In addition, two of the five indicated they provided the team with expertise and advice and two were financial contributors. Of the sponsors who responded, three have been sponsors of MSU FSAE for over five years, one for less than three, and one became a sponsor this year.

Parents, with a response rate of 38.5 percent, were asked for their opinions on national and local sponsors, their purchasing behavior (*see Appendix E for measurements used*), and to recall current team sponsors (*see Appendix F for measurements used*). In addition, some parents have donated money to the team and therefore were also considered sponsors (n=3). They received an additional questionnaire pertaining to their

sponsorship involvement and their expectations. Questionnaires were utilized with alumni (62.5 response rate) to gain an understanding of their past involvement with sponsors and the team, how those relationships have played out in their professional careers, their personal sponsorship and consumer buying activities. These individuals are an excellent source of all aspects of the race sponsorship program. Again, some alumni are considered sponsors as well because they have made a financial donation to the team (n=3). All mailings were provided with a letter detailing the involvement with the team and thesis work, instructions and a self-addressed stamped envelope for easy reply.

CHAPTER 4: FINDINGS

TEAM MEMBER PERCEPTIONS

Team members were asked their opinions on the relationships established between the team and sponsors. They talked about benefits of and reasons for sponsoring and the types of businesses that should be or are acceptable types of sponsors. This included looking at where the company conducts its business as well as the industry it is in. Finally, they were asked how they believed sponsors viewed the team and what they expected.

SPONSOR RECALL

Each team member was asked to list as many sponsors as they could recall (*see Appendix A: Table 2*). Actual sponsors were recognized as those who had donated money, equipment, parts, materials, and/or services during the past two years. This included all businesses, new sponsors to this year's team, university organizations, and any parent, alumni, or friend of the team who has made financial contributions. Team members were able to identify an average of eleven sponsors per person, with only approximately nine of those being correct. Together, the team had correctly identified forty of the team's sponsors with twenty-five recalled multiple times. The five biggest sponsors of the team were identified by over half of the participants, with Ford Motor Company being identified by all twenty participants and General Motors identified by all

but two participants. Of the sixteen incorrect responses, only three had been listed more than once.

SPONSORSHIP FIT: AUTOMOTIVE OR NON-AUTOMOTIVE

In determining the need to have businesses in the automotive industry as sponsors, the team preferred a mix of industries including both automotive and non-automotive businesses. Automotive industries are acknowledged as any business dealing with automobiles whether it is manufacturers, parts suppliers, dealerships, towing companies and garages, body shops, driving schools, and race tracks. Twelve of the thirty-six sponsors identified were not from the automotive industry. These businesses included a website designer, sign company, parents, alumni, friends of the team, and various organizations on campus.

When asked the reasoning behind having a variety of industries represented as sponsors most agreed that money was the biggest determinant. However, it was indicated that it makes sense for automotive-related businesses to sponsor race teams because they are “tailoring to their market.” Consumers who see the names of these companies on the cars will associate them with racing, and it is these same consumers who will purchase their products. In addition, it is the automotive industry that supports the team as a means of investing in future engineers. “[Team members] are theoretically going to work for them. They can give [teams] fifty dollars worth of spark plugs and earn one thousand dollars worth of training before [they] actually go to work.”

Participants related the situation to professional circuits such as NASCAR, F1, and CART teams in that only a fraction of their sponsors are automotive related. The

main benefit for these teams was simply getting the company's name in front of consumers. Even though participants agreed that it is beneficial to both the team and non-automotive businesses, the end benefits differ and are not comparable to those of professional circuits. Those teams are exposed to a wider audience and are perceived more as a moving billboard than a truly invested sponsorship. Here, "[consumers] associate their logos or sponsors by [who wins]." One participant stated that, "[a company] does not necessarily gain by giving NASCAR spark plugs. NASCAR is not testing or integrating their designs on a [Winston Cup car]," whereas these products could be tested and integrated with a Formula SAE car. "NASCAR is different because it is a brand name" and sponsors try to take advantage of that.

Another benefit of having non-automotive businesses sponsor Formula SAE teams was simply because not all team members are geared toward working in the automotive industry. This is one approach to recruiting future engineers in other industries. A participant felt that "they are getting their hands on people that [have more] experience in the real world. It doesn't matter that it happens [to be] that they worked on a race team while in college, because the real world experience [people] can get on [these] team[s] is above and beyond." In the end, most participants agreed that companies sponsor professional circuits for billboard and exposure reasons and sponsor Formula SAE to gain engineers and experience. Therefore, in either case, there is no reason for non-automotive industries to not sponsor race teams. It just may be more beneficial to teams like Formula SAE for experience and knowledge purposes.

LOCAL VS. NATIONAL SPONSORS

Race teams need to determine if they want to go after companies that do business at the national or international level or if they would benefit more from those that are local. In identifying sponsors, the team members were able to identify twelve local businesses of the thirty-six total identified sponsors. Local sponsors were defined as those whose business is primarily conducted in the state of Michigan; this may include university organizations, parents, alumni, and friends of the team. The team members indicated that in getting parts or material, it did not matter where the company was located. In some cases, the team was forced to look outside of the country for specific components. Each situation is determined on a part-by-part basis and what kind of sponsorship the team can receive. Sometimes companies are simply selected by their quality and performance and not what the team gets in return.

Most participants preferred to deal with sponsors who were local. Often time constraints are placed on the team; therefore it makes it easier to just go to the company in person rather than communicate over the phone. When a company donates a service, it requires a lot of downtime for them, which is not often seen in larger companies. It seems to be a lot easier to go to local companies for help rather than wait for the larger companies to go through their proper procedures. These larger, national businesses have to go through certain resources and “red-tape” to get approval or some other action. This takes a lot of time, something not all race teams have. For the Michigan State team, they have the added benefit of being in the state of Michigan, a state that is often recognized for being the “automotive capital” and can find just about everything they need inside the state lines.

With time being the biggest factor to race teams, they often have to plan well in advance to receive sponsorships from larger companies. Team members indicated that the donations are very beneficial, since they tend to be donations of larger sums, and that most show a willingness to participate as a sponsor. However, unlike smaller businesses, teams must not expect a quick turn-around time. If they approach the businesses early on, there usually is not a problem receiving the money when it is needed. Sometimes they are faced with situations where the money does not arrive until they have exceeded the budget, the season is over, or another design had to be used for cost reasons. It was stated that “[team members] have to plan around national companies, whereas the local companies plan with [teams].”

One of the greatest advantages of having local businesses as sponsors is for the relationship established with the team. In most cases, local businesses will only sponsor a single team. This may be due to costs or proximity seeing that Formula SAE teams are spread throughout the world. Local businesses are very interested in being associated with colleges and universities and this is an excellent medium for their involvement. In addition, these companies benefit because as they grow, the team can grow as well. This could allow for larger donations, but also more business from the team and those whom they refer.

National businesses are definitely not to be ignored. Again, they are the largest supporters of Formula SAE teams. Also, these are the companies with the capital to hire the team members after graduation. Most of the participants felt that in the end, it is the national and international companies that will offer students more opportunities once in the work field. There is more potential for growth for the companies and employees.

Not all industries or businesses are even considered appropriate sponsors for the Formula SAE team. Most participants strongly felt that those businesses in the alcohol and tobacco industries should never be sponsors of Formula teams. One of the biggest concerns was that FSAE is a collegiate competition and these industries do not possess a message that is complimentary of that behind the competition. Some of the concern was driven by the university's influence or regulations in not accepting certain businesses as donors. However, many team members, personally, would not have a problem with accepting money from these companies; some had problems with accepting money from tobacco companies solely for the damage to one's health.

Money seemed to be the biggest factor in accepting companies such as breweries, cigarette manufacturers, and those who are seen as "degrading to women." Setting university policy aside, some team members were willing to take money from these businesses for the purpose of learning about and manufacturing a race car. Others saw the money as having a negative impact on the team, competition, and other sponsors.

One team member put it best by saying:

"The reason the competition is made was to further engineers in the automotive industry and to support students. [When teams become sponsored by these businesses], it is being done specifically for the money. There are teams that build a car for less than \$5,000 and MSU builds it for less than \$100,000. Those teams are learning the same things [MSU] is [learning], it is just that MSU has more money. The money can help teams learn more advanced things; however it goes against the competition. Teams can just buy a win at the competition."

Only one team member indicated that this same type of thing could occur if the team was sponsored by a large, non-automotive related business such as Coke or Pepsi. It is their belief that if the team goes “too commercial”, then the car becomes a rolling billboard and the image of the competition is lost. Others disagreed and said that some teams have companies like UPS and La-Z-Boy as their biggest sponsor and little is perceived by it. In addition, if the check were big enough to cover the team’s expenses it would be welcomed unless it was from a questionable industry.

In relation to other circuits, participants believed that beer and tobacco companies could sponsor race teams because there are no ties to a college or university. With Formula SAE, the team represents the school and the school is the biggest sponsor. They stated that there would be too much negative publicity having one of these businesses sponsor the Formula car. One team member indicated that Michigan State in particular already has had a bad reputation because of recent and past events of rioting and drinking. They would not want to worsen this reputation by accepting money from an alcohol or tobacco company.

At the professional level, participants do not believe that people even recognize the possible negative associations with racing and the beer and tobacco sponsorships. Those who are race fans said that they would not stop supporting a team just because it picked up one of these businesses as a sponsor. Also, they do not associate the names of series, like Winston Cup or Busch Series, with cigarettes or beer; they simply think of racing and the trophy. Other participants who are not race fans believe some consumers do have this association; however they personally do not and think most give little thought about the products that sponsor professional race teams.

Building a Formula SAE car requires available resources, however it is these resources that help determine the success of the vehicle. Therefore, with money being a determining factor, the team believes that a mix of sponsorship types is preferred. Even though businesses in the automotive industry is viewed as the best fit as a sponsor of a race team, money and other donations are well accepted from all industries. In some instances, the team has found that a non-automotive sponsor could be just as beneficial, if not more, in areas such as software development or packaging. Preference is given toward local businesses because of their true commitment and interest in the team. The national businesses may have more to offer, however it is the local businesses that have the time.

SPONSOR MOTIVES

Exposure was the main reason why businesses get involved with Formula SAE. However, the types of exposure varied on the level of involvement and sponsorship with the team. Team members acknowledged that all of the sponsors are trying to get their name out there and that having their logo or sticker on a Formula car was a good method of doing so. The audience at a Formula SAE event, or even anyone who sees the vehicle, is made up of consumers and these consumers may be in the market for a product manufactured or sold by one of the sponsoring companies. In the end, everyone wants to make a profit and sponsoring businesses are no different. For those in the automotive industry, they know that the majority of the audience consists of engineers from other areas of the automotive industry and car enthusiasts of all kinds. They can utilize Formula SAE teams by giving them products or equipment to use or for testing purposes.

Many who could benefit from their use, including other Formula SAE teams, and want to get involved with these companies themselves will see these parts.

The difference in benefits can be seen by the size of the company. Going back to local businesses, these are the ones that are more likely to benefit from having their name on the car. They are aware that the car is seen at events on the campus and throughout the community. For local engineering businesses, they are conscious that “the car is scrutinized. Every single part on the car is seen by judges at the competition.” The judges are representatives of various aspects of the engineering community. Therefore, there is “free exposure.” One team member stated that, “[sponsors] hand [teams a part] and enough people from Ford, GM, and DaimlerChrysler will see it and it might catch their eye.”

Businesses not in the automotive industry, local or national, participate for similar reasons as automotive-related businesses. They may have a product that is not used for automotive purposes, but it may benefit a company in the automotive industry. For example, Michigan State Formula SAE has a web design company that sponsored the team. It definitely was not an automotive-related company. However, they wanted to get their foot in the door of this growing industry so they sponsored a Formula SAE team. This was seen, and even used as a selling tool, by some companies and they have picked up business from a car manufacturer. The same could hold true for other businesses sponsoring race teams.

One aspect about Formula SAE that is different from most race teams or circuits is that FSAE is a collegiate competition and teams come from colleges and universities with engineering programs. This often creates an appeal for businesses to get involved

that may not be there with other teams. However, other grassroots race circuits could have a community relations appeal to businesses. Team members easily identified several reasons why businesses want to be involved with Michigan State University's Formula SAE program, some of which can be related to other circuits as well.

Michigan State University, as well as other universities, carries a certain reputation that businesses want to be involved with. For one, it is a large university that holds a certain weight to its name. Businesses prefer to be associated with a highly recognized institution of learning rather than one less known. Also, Michigan State is known for its engineering program, in particular mechanical engineering. This is something of interest to businesses in the automotive field. There is a greater appeal, as an automotive company, to be associated with a school regarded for its engineering than one that is known for its medical program. These sponsorships often serve as "a bridge between school and actually working." There is a good transition of information and preparation for after graduation that many see in Formula SAE and the sponsorships and not in the classroom.

Local companies have a desire to get involved with Michigan State and the engineering program and see sponsoring the Formula team as an avenue of doing so. One of the team's local sponsors specifically sponsored the team for this reason. They have an interest in the testing that is done on campus and wanted to gain some of that work. Since the creation of the sponsorship, they have been able to establish a relationship with one of the professors who conducts testing at the facility. To some of the team members, they did not agree with businesses using the team to get to the

university's professors and facilities. Others said that the team benefits, the businesses benefit, and the university benefits. "Everyone is happy."

Community also plays a large role in the selection of Michigan State for sponsorship. These sponsoring businesses feel that they are giving back to the community; however many team members see it simply as a tax write-off. The relationship they have with the university can be used as a marketing tool to gain business for them. "They can say they support students in their own sales pitches." This may hold true for some, but other participants saw most businesses, in particular the smaller, local ones, sponsoring Michigan States out of goodness or a donation toward education. This is especially true for the parents, alumni, and friends of the team who donate to the team.

As a recruitment tool, companies sponsor Michigan State for proximity reasons. Being within an hour and a half of the "automotive capital" allows new employees to stay close to home. It is also difficult for Detroit businesses to retain employees from southern parts of the country in Michigan just for environmental purposes, in particular, the winters. Participants said that sponsors often inform the team that these are the exact reasons why they sponsor Michigan State. Other businesses have close ties with the university. A large MSU alumni population works at these automotive businesses and plays a strong role in the recruitment of Michigan State students. This is also reflected in their push to give money to the university as well.

The end benefits that a company receives through the sponsorship of a Formula SAE car vary. Recruitment is the biggest benefit sponsors receive. They are getting first pick at engineering students who have several years of experience outside of the

classroom. Professors teach the fundamentals of design and manufacturing, but few have presented more real examples of real world engineering than seen on the Formula SAE team. Participants saw sponsorships as an investment in education. Students have certain experiences working with certain equipment or materials and that experience is worth two years in the work field for a fraction of the cost. In addition, some teams have been exposed to some of the cutting edge technology that is very desirable to future employers. Or they may be introduced to new and simplified methods of completing a task that can also be utilized in any automotive engineering company.

Some benefits of sponsoring a race team may not have immediate results. Relationships are built early in a student's career that could be useful years later when they become the engineer. Team members have seen alumni enter the working world and use the contacts they established on the Formula team to gain suppliers or information for their current employer. These sponsoring businesses are looking to make a sale and this is one method of doing so. Other teams or racing and car enthusiasts may see a team using a specific component at the competition and purchase that same product, or other products, for the next year or their personal vehicle. This is especially true for top teams; other teams will see them succeed and want to duplicate their success and using the same components is one way of doing so.

Team members have also seen businesses get involved simply for the enjoyment of racing or helping out. This is a means for race fans to be a part of a race team. Several sponsors, mainly local businesses, enjoy having a picture of the team and car hanging in their shop as a conversation piece. A customer, who inquires about the car, may spark an interest and there is an association developed between the consumer, the business, and

the race team, whether it is community or racing related. Business could possibly be generated through this interaction.

Exposure, recruitment, and community involvement are the strongest perceived motives for sponsorship seen by team members. Sponsors will not deny the opportunity to get their name in the public eye. The national businesses want to keep their name fresh in minds' of the consumer, however it is the local businesses that will see this exposure as an attempt to increase sales, create business relationships, and simply advertise their company. Both types of businesses have a vested interest in helping the community, whether it is the community within the city, the University, or SAE. Either way, there is a desire to be affiliated and express actions of goodwill toward the community for all sponsors. And finally, the third motive of recruitment is one of the biggest, yet least altruistic motive businesses have in sponsoring a Formula SAE team.

SPONSOR EXPECTATIONS

Success of a sponsorship could be measured by how well expectations are met from sponsors and team members. Interest and insight are the biggest expectations of team members from sponsors. In addition to money, participants want sponsors to be willing to share information when a question arises. Or, they would like a representative to provide assistance when there is a question or problem with their product or equipment. One of the team's sponsors was identified as an excellent example of a good sponsorship relationship. This company had donated several thousands of dollars of equipment and supplies. However, the relationship did not end there. Representatives of the company came to the university and worked with team members in setting everything

up. They also are regularly available when there are questions or problems that cannot easily be answered.

In return, sponsors want to see the team perform well. There is little interest in sponsoring a race team that does not perform well in competition. Team members believe that businesses may not want to be associated with teams who are not successful; this is regularly seen at the professional level. Success is not always regarded as winning the competition. Rather, being successful is turning out a competitive vehicle, having good work ethic, understanding the car and knowing what to do when there is a problem, and simply acting in a professional and organized manner. One company had dropped its sponsorship with one school to come to Michigan State for the team's professionalism and respectable attitudes. This sponsor believed that MSU represented an image supported by the company. A team member stated that, "at competition [or wherever the car goes] the team represents Michigan State and every company whose name is on the car."

Team members identified one company that had dropped its sponsorship because they believed they were not getting enough in return from the team. Because the company was a sponsor for the team, they wanted and expected internships or co-ops from team members. Some participants understood the company's reasoning and said that both parties would benefit. However, most did not agree that sponsorships are a "trade-off" of this type.

Teams hope to do well in the competition and businesses want to sponsor successful teams. Therefore, both do what they can to meet the other's expectations. Race teams cannot be successful on money alone. They need expert advice and technical

support; something sponsors are able to provide. When companies provide donations to FSAE teams, it is expected, but not always received, that these same companies will follow through with more than monetary support. In return, the team will become more knowledgeable and successful with the hopes that sponsorships will increase with new and existing sponsors.

TEAM EXPECTATIONS

Loyalty plays a large role, to the team, in selecting and maintaining a sponsor. Trust definitely needs to be established for both parties. Team members find that there are some sponsors whom they respect and trust whole-heartedly; however they find it difficult to trust those businesses that simply hand over a check without forming any type of relationship. The team has found that some sponsors will create a relationship with the team just to find out that the representative from the sponsoring organization has shared the team's designs with another team. Or, in a worse situation, has taken the design and called it their own, selling the product a year later. Once, this had happened to the team and the company wouldn't even give a discount on the part. These situations are ones that break trust and hurt everyone involved.

Reliability is also important in building a loyal relationship with a business. All too often team members had found businesses, in particular larger companies, who have found more important things than a Formula SAE car. This is something that is understood by the team, seeing that sponsors are also trying to run a successful business. However, when time is a factor and the team's projects are constantly being set aside, it becomes difficult to rely on the company for its services. It becomes even more difficult

when it is one of the team's biggest sponsors and the team has little choice but to look elsewhere for help.

Businesses expect the same trust and loyalty from the team. Sponsors do not want the team to go out and purchase or receive parts that they donate or manufacture from other companies. There are some instances where this cannot be avoided and sponsors often understand when there is a good reason. As indicated by a team member, "having sponsors is also competitive." Michigan State was able to prove to one company that it is better than another school and gained their sponsorship. There is little to say that another school will not prove they are better than Michigan State. This situation is seen in every professional circuit; drivers will lose their sponsor because they are not successful or have been disloyal to the sponsor. "[Teams] are competing with other [teams] for the [same] sponsorships."

Concern for the team and the team members is important in determining the level of dependability with a sponsor. Most participants believed that the team's sponsors expressed some sort of concern for the team's welfare, or they would not be sponsoring in the first place. Team members have found that several of the sponsors are willing to lend assistance when there is a problem; some even go above and beyond what is expected. Participants saw this kind of relationship from the smaller and local businesses more often than from larger ones. It is believed that the larger companies have more of a concern for the product rather than the individuals. The feeling from the team can go as far as saying that "the learning curve is much greater with the smaller [sponsors]."

The problems identified with the concern from the sponsors stemmed, again, from the larger companies. It is these companies that give the team the most money; however,

in most situations, the money is given to the team and then they are looking twenty years down the road when students become the employees. Participants stressed that they do not feel that these companies look at the team's immediate concerns and well-being. There was discussion that one of the sponsors has been very beneficial to the team and given a lot, yet their interests do not seem to be in the right place. They are seen as trying to get more from the university than the team. Through Formula, this company has become a donor to the university and in return, was given good tickets to the football games. The team did not see a strong relationship with this sponsor because it forced the team to work around their schedule, putting the team behind on deadlines. In return, the sponsor is "unwilling to justify their reasons for it, yet they are the biggest sponsor. Most of the time they do not even return calls. [The team] is unable to drop them; [the team] needs them more than they need [the team]."

One area where the larger companies tend to show concern for the team comes from their recruitment efforts. Often these companies, in particular the car manufacturers, will hire exclusively from Formula SAE teams. A team member stated that, "they know where they invested the money and where to get it back from." Another added that, "[Formula SAE] is education that they do not have to pay for." A lot of this comes from the fact that these businesses hired alumni from Michigan State and they are the ones who play a role in creating these positive relationships with the teams and recruits; therefore they are the ones who show true concern.

Establishing a relationship is critical in all sponsorship efforts. The team desires sponsors who are loyal, reliable, and express concern for the team as a whole, all of which cannot be done without a good working relationship. Even though the team relies

on the national sponsors for large monetary donations and possible job opportunities, it is the smaller businesses that more often are able to provide the added benefits in the sponsorship relation.

SPONSOR PATRONAGE

Participants were asked to shift their focus to consumers rather than as team members to determine if they preferred to give their business to those companies that sponsor Michigan State Formula SAE. Most indicated that they would definitely give their business to sponsors, especially to those who have been good to the team and showed that their products were of quality. One went as far as to say that they would “prefer to give [their] business to a company that is willing to give back to MSU or anyone else.” They added that it is important, to them, to support those businesses with good customer service and that help people whom the consumer would want to help.

Several team members admitted to never really considering whether they were purchasing a product or using the services of a team sponsor. Some even indicated that they prefer not to put any effort into their purchases; therefore they will select what they know works and is least expensive. This sometimes results in the purchase of a sponsor product. One participant often finds themselves purchasing a product solely because they are a sponsor and have referred friends and family to these products or businesses.

SPONSOR CREDIBILITY

As consumers, team members recognize businesses’ motives of using sponsorships as means for persuading individuals to purchase their products. Most see

this approach as money generating; however they do not believe this is the number one reason for sponsorship. Smaller businesses may profit more than larger businesses by having their name on a local race team, yet it may be more of name recognition for them. Participants do not see a sponsorship being dropped if the businesses' sales do not increase. Rather if team members are making a purchase, they may be more inclined to purchase or recommend a sponsor's product.

Businesses sponsor race teams for a variety of reasons. Yet whether or not they are considered a qualified sponsor is a little more difficult to determine. For the Formula SAE team, team members saw all of the current sponsors as being qualified. The basic understanding was that they would not be sponsors if they did not qualify. The team did admit to having some businesses as sponsors in the past that probably should not have been sponsors. These businesses are ones that were only around for one year and the team had problems with their product, service, or even advice. There had been sponsors that gave wrong information and cost the team more money than was provided. Negative feelings were expressed concerning a sponsor who had used the team simply for exposure. They provided the team with a service with hopes to enter the automotive industry themselves. However, in the end, they did not provide the team with the services needed and the team was forced to sever ties with the company.

Team members discussed several businesses, in particular local businesses, which are very willing to assist the team. These businesses were unable to provide financial contributions, yet wanted to donate parts, materials, and services to the team. Despite their enthusiasm and willingness, the representatives from the businesses did not have the knowledge or understanding of the team's application. A participant who had personally

experienced working with one of these businesses stated that, “they were simply missing the technical aspect needed” and therefore causing more harm than good to the team.

Loyalty and willingness to support the team were the biggest factors that team members looked for in a good sponsor. The overall consensus of the group found local businesses met these needs more often than the more credible national companies. Despite the appreciation and necessity of these donations, the value and sincerity of the local businesses were seen as more genuine overall. In addition, all current sponsors, local and national, were considered credible sponsors because they are not seen as harming the team or using it for exposure.

TEAM MEMBER PERCEPTIONS SUMMARY

Members of the MSU Formula SAE team seemed to have a good understanding of who their sponsors are, why they are sponsors, and what they want in return. Even though money is very desirable, the team expects more than just a check written by the sponsors. They want to establish professional relationships that will allow the team to gain valuable knowledge and expertise when needed. Sponsors with genuine and altruistic motives are perceived as more valuable and credible than those with alternative intentions. Most often, it is the smaller, local businesses that best meet these needs. However, it is the larger, national businesses that are able to provide more in terms of financial resources and future opportunities.

UNIVERSITY ADMINISTRATION AND FACULTY PERCEPTIONS

As University representatives closest to the Formula team, participants were asked about their opinions as both University personnel and consumers. All three participants saw the sponsors rather differently, yet shared similar expectations as administration. Interestingly, their views as consumers were much more parallel to each other.

SPONSOR RECALL

University representatives were asked to recall as many Michigan State Formula SAE sponsors as they could. The average response was seven businesses each, listing eleven different companies. Of the eleven, five were repeated by each of the three participants and three were listed incorrectly. Four of the five repeated responses are large organizations that donate a large sum of money to the College of Engineering each year, in addition to what is provided to the Formula team. Therefore, it is these businesses with which the University has a direct relationship. Despite the low recall numbers from the participants, the faculty advisor stated that they try not to get too involved with the team's sponsors in order to maintain the educational focus of the design and manufacturing project. Another participant, who recalled the fewest, even stated that they did not think anyone even knows who the team's sponsors are without looking at the car or a brochure.

SPONSOR MOTIVES

When asked why these businesses sponsor Formula SAE teams, none of the university representatives felt that businesses sponsor Formula SAE to generate immediate business or sales from the competition's audience. Rather, recognition was indicated most often. However, the type of recognition identified varied. First, there is name and product placement on the vehicle. The audience consists of mainly engineering professionals and there is the hope that they will be attracted to a specific team bearing their company's name or using their parts. Another aspect of recognition is from the students. It was indicated that, "engineering students may want to work for these companies and these companies may want name recognition for the students. The same students will work for somebody in the vast supply chain network." The second half of the student recognition is that once they do work for one of these companies, there is hope that they will remember other companies when they are in purchasing or decision making positions. This would apply to all manufacturing industries: automotive, aircraft, robotic, marine, civil, etc.

There were mixed reactions as to why businesses sponsor Michigan State. Some believed that it is the philanthropic efforts of alumni now working for one of these companies that push for sponsorships. However, one stated that, "[they] think alumni reasons are philanthropic. [They] are not sure that most of the companies are looking for the same type of philanthropy." Here the reasons are more future-oriented in that they desire to hire the best engineering students from top engineering colleges. It is the belief that sponsorships create a learning circle. Businesses provide money to the university and team to advance their education with the latest tools and technology, while initiating

a certain value or quality that the company desires in its employees. Then, these same students will be rewarded with job opportunities with these companies who have gained “an inside track on contacts of students on the Formula team who they see as [having] superior training.”

It was believed that companies, in general, do not specifically sponsor Michigan State Formula SAE. Most of the sponsors, that they were able to recall, were large, national companies whom they saw as sponsoring the majority of teams involved in the competition. One participant did indicate that they thought that geographically, Michigan State University was fortunate in that it was located within close proximity of several large automotive-related businesses, including the Big Three automotive manufacturers. However, it was also pointed out that these same businesses most likely sponsor a combination of other schools in the Michigan, Ohio, and Indiana area. It was assumed that the small, local businesses do, in fact, solely sponsor Michigan State. One business, which all three participants incorrectly identified as being a local business, was recognized as establishing a sponsorship with MSU because it is headquartered in Lansing and has a strong alumni base.

Recognition was the strongest factor for sponsoring a Formula SAE team rather than generation of sales by the University. This recognition, whether being name recognition by consumers or future employees, is coupled with the positive image set by the affiliation with the University. Often, these sponsorships are perceived to stem from alumni working at these companies. However, it is questionable as to whether the companies are being philanthropic, or if it is the alumni support that possess the real philanthropy.

UNIVERSITY EXPECTATIONS

Money, parts, and equipment were the biggest expectation of sponsors from the University and College of Engineering. There was also a desire for other forms of support in the form of advice and technical cooperation. The overall feeling was best stated by one of the administrative officials:

“From what [has been] seen on the Formula team, the technical cooperation is as valuable as or more than the money. Even if it is very limiting and peripheral... They are very likely giving the same advice to all of the competitors, but nonetheless it is a professional thing... There is a general interest in the profession. [They] think one of the biggest things these sponsors bring is professional interaction about [the automotive industry and building cars].”

From an administrative view, the University and College of Engineering do not do enough in return for the sponsors. Both see Michigan State as not having a strong reputation for supporting sponsors and donors of the university; however improvements have been made over the past few years. Other smaller schools were seen as doing better with connecting faculty, development, donors, alumni, and students. These schools also tend to be ones that have a more traditional engineering history, where Michigan State is more diverse in its educational areas of study. This lack of support from the University was seen as a disappointment and a failure to “capitalize on all of [the] competition teams” by connecting them to other University and alumni events. Technical schools

have done an excellent job in establishing and maintaining these relationships; whereas Michigan State is improving quickly, but it has several years to make up.

Interestingly, the team's faculty advisor did not share the same opinion. He simply stated that the team provides advertising for the company and little more. The team delivers a competitive vehicle to competition and places the company's name on the body of the car, which aids in recognition of all sponsors. Invitations to sponsor events and access to future graduates are there, but advertising is the "concrete reward" for sponsors. The involvement is "minimal and that is how [they believed it] should be. This is not a contract." One of the reasons for not wanting the University to do more for sponsors is due to the fear that the industry will get too involved in the educational process. As a professor of engineering, the advisor saw this occurring too much already.

As representatives of the College of Engineering, the participants shared mixed views concerning what the University does for sponsors. Even though all agreed that the University expects both financial and expertise support, the amount given in return was questionable. Whether the University does enough or not enough, the team and the University must work together to reach a comparable balance to ensure the continued support of the team's sponsors. By not doing enough the University and team may be jeopardizing future endeavors with the sponsors.

SPONSOR CREDIBILITY

There was a general desire from the three University participants to have a variety of industries represented as sponsors of the Formula SAE team. The connection the team has to the obvious automotive market was seen as being strong. However, even though

the Big Three automobile manufacturers provide a substantial amount to the team, none wants to see the team be confined to this industry or their financial contributions. The team should continue to pursue and accept sponsorships from those businesses that are located in the Lansing community and may not be sought out by other teams. It was also recommended that the team extend its sponsorships to include supplemental markets that could provide technologies not typically thought of. Tapping into technological companies, including computer hardware and software, other material manufacturers, fiber optics, and other industries not traditionally related to the automotive industry could definitely make gains.

As University employees, each stated that the team would have to carefully consider allowing certain businesses or industries to sponsor the Formula race car. Some businesses that University participants would encourage the team to stay away from include breweries, adult entertainment, adult stores, and those that may be seen as degrading to women, such as Hooters restaurants and adult entertainment establishments. However, all of the participants did not hold the same opinion as to why and which businesses would be acceptable. One stated that, given there are no University regulations, a local brewery would be an acceptable sponsor, yet any business that is perceived as adult-oriented would not. Another saw that in today's times, Michigan State should be very leery of breweries sponsoring the Formula team. On the other hand, being a rather large and legal industry saw the possibility of a sponsorship on the MSU campus occurring. There would be, however, "less concern to have [a brewery's name] on a building or [related to] a professorship than [they] would to put their name on a student

competition.” The third participant simply stated that it would be best for the team to steer clear of all controversial businesses as sponsors.

One concern that was brought up was the idea of having a general consulting firm sponsor the Formula team. This was because of the hiring of top engineering students for high salaries several years ago for their problem solving skill. These businesses would come to the University offering to donate large sums of money to whatever organization needed it and in return, gained access to these top students. When the economy dropped, the University no longer saw these firms or their money. There was great concern that as these businesses suffered, the engineering graduates lost their jobs. In addition, businesses are not looked upon favorably when they come and go; the University and team need long-term relationships. “... [The team] wants companies that will be around in good times and bad. Those companies are the ones that are fundamentally interested in what is done as opposed to just giving a few dollars to help some students.”

Relative to the current team sponsors, all three participants did not see any sponsor as being unreliable or unqualified. All of the businesses have either money or other donations or services that they want to provide for this purpose. Therefore, they donate it to the team and “do not seem to put undue pressure on [the team] in terms of a quid pro quo or implied contract.” Some may request a certain size decal in a specific location, but this is seen as tolerable. If a business were to demand more than this, such as removing other sponsor’s names from the car, then there would be great concern as to the quality of that business’s sponsorship. The relationship established with the team and the sponsor plays a great role in determining reliability and trustworthiness from these businesses.

Viewing the team from the outside, the University representatives saw more personal concern from the sponsors for the team than expected. This is mostly seen on individual levels rather than the whole; however they do want to see the team put in a good effort and produce a competitive vehicle. Vehicle performance can almost be seen more as an expectation rather than concern because of the association with the sponsoring businesses by having their names on the car. The few that do take great personal pride in the team are those that can be seen periodically at the shop, at events, or when the car is being driven. One administrator said, “this is what they love and what the students love...cars.”

From the perspective of the faculty advisor, there was great concern to stress the importance of maintaining the team’s focus to design, manufacture, and race a competitive vehicle. When the program was small and unsuccessful, few, in their opinion, wanted any involvement. As the program continues to grow and become more successful, more businesses and organizations may want a hand in the team. The advisor goes on to state, “... this is something [the team] needs to be careful on because one, it undermines [the team’s] integrity, and another that it is a distraction. [The team’s] focus has to be on building a competitive car and racing it well.” Therefore, it is critical for the team to review the wants and needs of each of its sponsors to determine if one, it is within the objective of the team, and two, whether or not the sponsor shows the desired concern and loyalty the team needs to be successful.

Individually, representatives from sponsoring organizations may take a personal interest for several different reasons. Recruitment is considered the main reason for building a strong relationship with team members. The students on the team are

prospective employees and they will remember the efforts put forth by these businesses to establish a relationship. In addition to recruitment, alumni of Michigan State and the Formula team who currently work at these companies put great efforts forth. They are proud of their MSU ties and wish to continue to support the school and team by establishing close relationships and helping out in any way.

The additions of sponsors from other industries may benefit the team in ways not initially thought of. The team currently has a good automotive following, however there may be some untapped industries where the team could benefit from different technologies, materials, or equipment, just to name a few. While there are certain industries the team should shy away from, such as consulting firms, breweries, and adult entertainment establishments, any business who shows an interest in the team and concern for its success can be considered a qualified and credible sponsor.

SPONSOR PATRONAGE

Speaking as consumers, the team's sponsors have never been taken into consideration in purchasing decisions. With all factors being equal, there was aspiration to support students and their efforts; however it has never been an overriding factor. On a professional level, one participant acknowledged that some sponsors have been taken into consideration when bids were placed for academic research or other services for professional purposes.

Each University employee viewed the persuasive efforts of businesses that sponsor race teams rather differently. One simply does not see automotive racing sponsorships, at least at the Formula SAE level, as a means of advertising. Rather it is a

philanthropic effort and the companies tend to have “the students’ interests at heart.” A second participant saw it as a means for establishing relationships among FSAE’s audience of students, professionals, sponsors, and families. “It is really more about bringing the next generation of auto engineers and related business students on board in the extended professional [family].”

Regarding professional racing circuits, there was little belief that businesses’ endeavors of persuading consumers through sponsorships actually work. In instances when there is difficulty in determining the benefits of one product from those of its competitors, consumers have to rely solely on brand recognition. This is seen as the main purpose of having a company sponsor a professional race team. Brand recognition of this magnitude did not seem to affect the purchasing decisions of the university participants. One even went as far as questioning the management decisions of the company and whether or not they are wasting their money as well as the money of the stockholders.

Even though there is always a desire to show support and give back to those businesses that help the University, the University participants rarely considered MSU FSAE sponsors in their purchases. These actions were not done intentional, rather they simply never thought about it in making a purchase decision. However, the participants never thought of the sponsorship efforts as a means of advertising rather done so for brand recognition.

UNIVERSITY ADMINISTRATION AND FACULTY PERCEPTIONS SUMMARY

From the University perspective, participants spoke highly of the skills and quality of the graduates from the Engineering program, in particular those who

participated on the Formula SAE team. This was the main motive each saw for businesses getting involved in sponsoring the FSAE team. They also found name recognition and alumni support to be strong in their sponsorship efforts. Despite the passion towards the team and its sponsors, the participating University representatives seemed to be the most removed from the MSU FSAE environment. These findings were somewhat disappointing seeing the need for University support, however this problem had been recognized and efforts to change this relationship have been established.

ALUMNI AND PARENT PERCEPTIONS

Alumni and Parents provide the greatest insight as to consumers' true perceptions of sponsoring organizations. These individuals are close enough to the team to identify sponsors, yet far enough to possess true consumer ideas. It is with these participants that a realistic understanding of recall, patronage, motives, and credibility of the Formula SAE team will be understood.

SPONSOR RECALL

Parents of team members and alumni of the MSU Formula SAE team were able to identify thirty-eight different sponsors (*see Appendix A: Table 3*). Only twenty-three of those identified are current sponsors or have been a sponsor within the past two years; ten were sponsors two or more years ago. Five businesses indicated were not sponsors at all. Of those correctly identified, Ford Motor Company and General Motors were recalled by every single participant and DaimlerChrysler was listed by all but three participants.

These companies, the Big Three of automobile manufacturers, are the team's biggest sponsors and consortium sponsors of the Formula SAE competition.

SPONSOR PATRONAGE

Audiences of race teams support sponsors by giving their business to sponsoring companies. When asked about purchasing behavior over the past six months, most respondents indicated they had given their business most often to national sponsors in the automotive industry. Local businesses, both automotive and non-automotive, were the least often patronized by both parents and alumni. This could be due to locations of the businesses in comparison to where each participant resides. Table 4 (*see Appendix A*) shows a complete breakdown of the types of businesses supported by each of the respondent types. Interestingly, when inquiring about preference of business type, all but two participants indicated that, everything else being equal, they would prefer to support local companies.

SPONSOR MOTIVES AND CREDIBILITY

Consumer perceptions of businesses sponsoring a team or event include the motives for doing so and the credibility of their intentions. Parents and alumni, as consumers, identified the motives possessed by both local and national businesses for sponsoring the Michigan State Formula SAE team.

University involvement and bettering the community on the campus were viewed as the strongest motives for both local and national businesses. Consumers also saw the national businesses driving their involvement to be recognized by the SAE community.

This may go back to the idea that these businesses wish to be associated with the international organization for the automotive engineering community. For those businesses not in the automotive manufacturing industry, this would be seen as a means to gain recognition. However, more favorable attitudes towards the bettering of the SAE community could include the education and advancement of engineering students.

Advertising and generating sales were also considered important motives for establishing a sponsorship with Formula SAE. However, participating consumers indicated that national businesses were more likely to sponsor an FSAE team to advertise their company, while local businesses were more likely to be involved to generate sales. One might have assumed that national businesses often have more advertising opportunities and would not need a sponsorship at this level to advance their advertising efforts. Local businesses, as expected, utilize sponsorships of a local FSAE team to generate sales; again, this could be considered an approach to increase name recognition as well.

Consumers may or may not agree with a business' motives behind its sponsorship efforts, however it is the credibility as a sponsor that may have a stronger impact. In automotive racing, there are four types of possible sponsoring businesses: local automotive, local non-automotive, national automotive, and national non-automotive. Participants were asked to indicate their attitudes toward these businesses and their credibility as an FSAE sponsor.

Participants had a clear distinction between their feelings toward each of the sponsor types. National businesses were seen as more credible, possibly because they may be considered as established businesses. It was indicated earlier that it is important

to the team and University that sponsors are loyal and continuing their support of the team year after year is one way of doing so. Businesses that are more solid, more often national businesses have a better chance of continuing their team support. However, this loyalty also includes showing concern for the team's welfare and participating consumers felt that national businesses not in the automotive industry do not demonstrate this. Consumers may question as to why a national business that is not involved in the automotive industry would want to sponsor a local, collegiate race team.

Care for the community played an important role in determining the credibility of sponsors by the consumers. Again, national (automotive) businesses were believed to express more care for the SAE community while all local businesses have a strong concern for the Michigan State community. It is actually the local, automotive businesses that consumers believed to possess a stronger interest in the school. In addition, it is the local businesses that consumers saw as being more pleasant sponsors. This, too, reflected team member's preference for working with local sponsors when questions or problems surface because of their willingness to take the time and effort needed to assist the team.

Looking at the total spectrum of possible sponsoring organizations, consumers are more favorable toward those national businesses in the automotive industry. Having available resources, including monetary resources, and being a part of an international competition are the strongest factors in support of these perceptions. However, despite qualification and fit, consumers appreciate the effort of the local businesses more often. Again, this is consistent with the findings from the team members. It is the national

businesses that are *not* involved in the automotive industry that consumers find less credible and possess fewer positive perceptions as sponsors of a Formula SAE team.

ALUMNI AND PARENT PERCEPTIONS SUMMARY

National, automotive businesses are perceived to be the “best fit” for Formula SAE sponsors by both alumni and parents. However, they do not necessarily see these businesses as being the best sponsors. Sponsor recall and patronage are strong among these national sponsors, yet participants found it more desirable to give their business to local sponsors. This may be due to these businesses expressing more loyalty and concern for the team, as well as the Lansing community and Michigan State University; whereas the national businesses are seen as simply advertising the company and gaining respect among the SAE community. With these findings, it becomes difficult to determine if it is beneficial to seek sponsors who can easily meet financial demands or sponsors who are more likely to support the team in other ways.

SPONSOR PERCEPTIONS

Sponsors consist of businesses, organizations, families, friends, and alumni who want to provide the team with some form of donation. Each has a motive for doing so and each has some form of expectations from the team. By examining the motives of each type of sponsor, team members can determine what they are able to provide in return and which sponsorships they value most.

SPONSOR MOTIVES

An association with a college or university and company image topped the list of why businesses sponsor Formula SAE teams. By sponsoring a collegiate FSAE team, respondents stated that their businesses take great pride in the school(s) that they work with. There is a desire to aid in the learning process of future employees in the industry and donations are a successful avenue for doing so. Sponsors have highlighted Michigan State, in particular, as a school and team that have “almost always acted as true professionals.” There is a level of education and respect that is highly regarded by sponsoring organizations. In addition, businesses have become sponsors, or maintained their sponsorship because they believe that MSU Formula SAE “represents [their] company in a class act manner” and shares the same ideologies as their company.

The level of education and professional quality received by Michigan State students through Formula SAE is something future employers strive to recruit for their companies. Businesses use sponsorship as a tool for recruiting these eager students. By sponsoring a team, they believe they are creating a positive image and goodwill for their organization. In return, graduating seniors will be more likely to select these companies for employment. Or, they may remember the positive relationship with the sponsor when they are in the industry making decisions for other companies that may benefit from the sponsoring company’s products. Here, businesses are using sponsorships for long-term rather than short-term benefits.

In addition to recruitment efforts, sponsors listed other reasons their company is involved with Formula SAE. For those companies that provide support in any way other than monetary, there is training and education occurring for their employees as well. In

the past, some sponsors have used Formula SAE projects as tools to train new employees or test new equipment. Also, this type of sponsorship helps to establish a foundation for future and bigger sponsorships within SAE and other organizations. One participant indicated that their company sponsors Formula SAE because, “sponsorship[s] of other racing circuits are too expensive” and that they hope to increase their sponsorship efforts as the newly developed company grows.

With 140 teams involved in the Formula SAE competition, few businesses have the resources to contribute to every team. Therefore, businesses have to carefully select which schools they are willing to sponsor. Traditionally, Michigan State University has been fortunate to have a large number of sponsors while other teams can only gain a few. Participating sponsors were asked why their company selected the Michigan State FSAE team, understanding that Michigan State may not be the only school that they sponsor. The number one reason was location. Again, Michigan State University is located within an hour and a half of the “automotive capital” and most of the team’s sponsors, local or national, are headquartered in the state of Michigan. This makes it convenient, not only for the team, but also for the representatives from sponsoring businesses who enjoy being involved with the team by attending events and visiting the race shop.

Alumni tend to have a strong influence in the sponsorship of Michigan State. Several companies have indicated that their company has strong ties with the University, whether being a large alumni population within the company, past relationships with the University, or just being MSU fans, and this is a major reason for opting to support the MSU team. In addition, these companies regard Michigan State as a high profile school

with a positive reputation. Again, not only is this goodwill, but also a means for furthering sales and getting the company's name in the public.

Overall, each sponsor had invested interest in the students as potential employees following graduation. All participants indicated recruitment as one the biggest factors in their organization's sponsorship with Formula SAE. Some looked even further and were interested in the professional relationships that could be established once students are prominent employees. By creating product awareness and a positive experience now for the students, the participants saw sponsorship as a means for advancing sales as the relationship continues to grow. Even though each participant identified some form of personal gain, most also stressed the importance for helping the students. They wanted to support the learning experience and training team members receive through the FSAE program by ensuring all resources of the latest advancements in the industry are received.

ALUMNI AND PARENT SPONSORSHIP

Some parents and alumni also serve as sponsors to the Michigan State Formula SAE team. They provide support through financial contributions or other donated items. Helping the team and supporting the learning experience from the program were the main reasons why these individuals became sponsors. For parents, having a child on the team and sharing a love of racing were big factors in their donation. Alumni, on the other hand, simply enjoyed their experience on the team and felt obligated to give back. Many believed they owed their career to the Formula team.

While most parents and alumni wanted to contribute to the positive learning experience with little to nothing in return, few did indicate small expectations from the

team. In addition to appreciation, participants wanted to be involved with the team in some fashion. This could include simply being invited to team events, such as Sponsor Drives; others at the most wanted their name on the car. However, one individual clearly sponsors the team for somewhat selfish reasons. They indicated that while they hope others receive the same type of experience and training as they once did, they also sponsor to gain recognition from the University and their employer. Expectations of this alumnus included overall success of the team, their name on the car, and access to students for recruitment efforts with their current employer. In addition, they stated that they became a sponsor when they, “were informed of [their employing company’s] two-for-one corporate match and entered into the [University’s] President’s Club.” Annual tax write-offs were also listed as benefits of being a Formula SAE sponsor.

Overall, most parents and alumni showed a general interest in the team and the individual members. The group as a whole wanted to see the team succeed and become the best professionals in their industry and saw Formula SAE as a means to prepare for the future. It was recognized that without proper funds, this could not be done. One parent was informed of the funding needs and felt a responsibility to help the team in any way.

SPONSOR PERCEPTIONS SUMMARY

Genuine motives behind a sponsorship tend to come from those closest to the team. This would include parents, friends, and alumni. However, businesses participating at the national level gain more from the sponsorship. This gain is not necessarily immediate or sales related; rather it is a gain in the company investment for

their future. Recruitment of qualified and experienced graduates through the relationships established with the Formula SAE team is long-term planning for these businesses. Caution must be taken, however, in that the expectations of team members and the University should match the contributions made as well as the efforts put forth by representatives to support the team. This is a lesson that can be learned from parents and alumni as well as the small, local sponsors.

CHAPTER 5: DISCUSSION

FORMULA SAE

Formula SAE provides a unique experience for everyone involved. Team members have an opportunity to take what is learned in the classroom and apply it to a fast-paced, exciting project; during which, sponsorships are gained and relationships are established with industry professionals. Businesses contribute to the education of future professionals and get their name and/or products to a wide audience with a common interest. At the same time, the businesses are earning respect from the University who receives a positive reputation toward their engineering program. And in the end, families and friends are a part of the racing lifestyle while seeing their money toward education being used effectively. A continuous circle of support and benefits becomes very desirable to those looking from the outside (*see Appendix G: Figure 1*).

All parties involved with the Formula SAE team tend to possess similar ideas as to what the overall benefits were for businesses that sponsor the team. In regards to national versus local businesses, both share many benefits, however local businesses seemed to benefit the most.

The most obvious benefit for all sponsors is the access to students for internship and employment opportunities. Students have more training and “real world” experience after one year on the Formula team than most do during all their years in school. This is very appealing to businesses, therefore creating a motive to donate to the team. Here,

both team members and University representatives saw this as a means of investing in the company's future. For a small amount of money, they are able to have first access to these students with "superior training" and knowledge of certain technologies and equipment. A collection of team member resumes distributed to sponsoring businesses increases access to these individuals. Alumni members even contribute their careers in a leading company to their experience on Formula SAE.

Not all of the team members will go on to work for a sponsoring business, however most will be working in an industry that participates with supplying businesses. Relationship building now will be key once the students are working in the field for they will remember the positive relationships established while on the team and continue them at a professional level. Smaller, more localized businesses will benefit the most from these situations. They will gain exposure through the relationship with the team and their parts on the car at competition, and will continue to gain exposure on new levels once students are in the work force. This indirect advertising method is heavily relied upon by some of the current team sponsors, big and small.

In either case, both sponsors and team members receive long-term benefits from sponsorship programs with Formula SAE teams. While the businesses are gaining access to the trained students for employment, the students are gaining the experience and knowledge necessary to become successful engineers. It is through these relationships with representatives from sponsoring organizations that they learn and work with the latest technologies and advancements in equipment and materials. Trade secrets and tips are shared with the students to further their education outside of the classroom. Their experiences and relationships from the FSAE team are seen as placing them ahead of

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fellow students not involved with the team for job opportunities and career advancements.

Goodwill towards education serves as a strong motive for businesses to get involved in their community. Sponsorships of this type can be seen on any campus with a variety of businesses contributing to research projects, scholarships and fellowships, having their name on a building, or their logo on a billboard at the football stadium. Formula SAE is one means of supporting the engineering community and the University. Michigan State University, often sought after by companies headquartered in the Lansing community, is not new to this concept. When spectators walk into Spartan Stadium, they will see at least two of the Formula SAE team's sponsors above the scoreboard: General Motors and Demmer Corporation. Ford Motor Company provides a large sum of money to the University each year and Lear Corporation has a business building named after the company. One is a current sponsor the other sponsored two years ago before leaving the racing industry.

Representatives from the College of Engineering, which is highly regarded as a top engineering program, hope that high school students will seek out the Michigan State vehicle at competition or community events and notice the sponsors covering the car's body. This, coupled with the overall sponsoring companies of the competition, is an excellent recruitment tool for the University. Potential students exposed to the car and competition will be able to see whom supports and hires from the University.

Local businesses have far more benefits than national companies to participate as sponsors of Formula SAE teams. In looking at local businesses, there are really two different categories of local representation with the greatest interest in Formula SAE.

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First, there are the local engineering businesses that have the most to gain from the relationship with a FSAE team. Here businesses have the opportunity to “show off” their products, equipment, or material to leading automotive and manufacturing companies. The Formula SAE competition provides a unique audience to these smaller engineering firms who would not typically be exposed to their products. Not only will industry professionals see their work, but so will other FSAE teams and race enthusiasts who may purchase their products. Sponsorship is an excellent and inexpensive form of advertising outside of their community, in particular, to these types of businesses.

Several smaller businesses simply share a passion for racing and wish to be involved. Other businesses may aspire to enter into the racing industry, but because of their size and location are unable to. Formula SAE is seen by sponsors as a way to break into the racing market. The audience, consisting of race fans of all types and ages, some racing themselves, may take notice of up and coming companies. Businesses that are successful in their sponsorship endeavors through Formula SAE have the opportunity to grow and possibly gain entry into other racing circuits. Company growth not only benefits those hoping to enter the racing market, but other industries as well.

Even though local businesses may not be able to provide the large sums of money that national companies are able to donate, there is more of a personal relationship established with these businesses. This is something that team members and the University find valuable in a sponsorship. Teams would like to see all sponsoring businesses take a great interest in the team, however the local companies are found to be better at accomplishing this. Often there is a need for professional and technical assistance and students must approach experts in the field. This, as indicated by team

members, is not always easily done with larger businesses; however it is the smaller companies that take the time to assist the team most often. It is these relationships that are the greatest advantage and benefit for smaller businesses to sponsor Formula SAE teams.

Motives for sponsoring Formula SAE are not always those of self-interest. In addition to recruitment opportunities, advancements in sales, growth of business, and gaining recognition from the University, several sponsors focus on the goodwill efforts rather than personal gains. Alumni tend to hold the greatest weight in sponsorship support. Businesses, especially those in the state of Michigan, have Michigan State alumni working for them and it is these individuals who have pursued sponsorships from their respective employers.

Patronage and perception had parallel findings amongst the participating groups. Even though parents and alumni most often gave their business to national companies, they indicated their preference for patronizing the local sponsoring businesses. This was reflected in their perceptions of these local businesses as sponsors who truly care about the team and University. All participants saw a general concern and willingness from the smaller, less known businesses than from the large, national companies. Even though there seemed to be a better fit amongst the national, automotive businesses, it is the generosity and eagerness of the local companies that consumers preferred. In the end, it was their motives that were perceived as genuine and their previous interactions with the team that give the local businesses a more favorable acceptance amongst all involved with the Formula SAE team.

Further research of the needs and motives of sponsoring businesses, along with the careful examination of team objectives will allow for a more successful sponsorship program of the Michigan State Formula SAE race team. It is critical for the team to evaluate what it wants to receive from sponsors, what it needs from sponsors, and who is capable of providing this. At the same time, a fairly in-depth research process should take place to determine what businesses are willing to help, what they are able to provide, *their* motives, and whom they are trying to reach. Together, these two very important steps will assist the team in not only finding the “best fit” for sponsors, but also capitalize on minimal effort.

The process does not, and should not stop with finding sponsors. Businesses want to know they are making a good investment. It is the responsibility of the team and the University to express their appreciation and gratitude for their efforts and goodwill. The team and its individual members can accomplish this by maintaining established relationships, involving sponsors in any fashion, and incorporating sponsors names and logos where possible.

The University already identified a need for improvement on recognizing the contributions made to the team and the College of Engineering. However, more cohesive involvement is necessary to institute a stronger program. Currently, University representatives closest to the program are not able to correctly identify several team sponsors, nor can alumni. A communication network among the team, University, alumni, sponsoring organizations, and others associated with the program will better allow for name recognition and publicity, support, relationship building, and overall goodwill for everyone connected with MSU Formula Racing.

IMPLICATIONS FOR OTHER GRASSROOTS RACE TEAMS

Formula SAE is a collegiate competition with an educational foundation. Even though there is a college or university's name attached with each team, it still functions in the same manner as other grassroots race teams. Therefore, the ideologies and thinking behind team sponsorship can be applied to any non-professional race circuit.

Before any team can begin to solicit sponsors, it is important to go back to the basics and set objectives as to what is to be achieved through sponsorships. This would include budgets and types of businesses to solicit. As found through the case study, businesses are not willing to sponsor a team and then expect nothing in return. Even those sponsoring to "help out" are still looking for some form of appreciation. Objectives should include a plan for meeting sponsors' needs.

In determining whom to solicit, race teams must first look at their audience. In the case of Formula SAE, a large portion of the audience consists of professional and student engineers in the automotive industry. Here it was beneficial to approach those businesses either in or trying to enter the industry. These same types of businesses may serve as excellent sponsors for other grassroots teams; however the benefits of recruitment are not nearly as strong. Formula SAE has a much larger audience than the engineering community and has found other businesses that one, appeal to this audience, two, provide resources needed by the team, and three, have a general interest in being a part of the team for various reasons. These three things apply to grassroots racing circuits as well.

For most non-professional circuits and teams, money is accepted despite its origin. However, the sponsors may have more of a vested interest if they were aware of who saw the car. As stated in previous research, Procter and Gamble recognized the growing interest in racing by women and invested several millions of dollars to sponsor several Winston Cup cars with household brands such as Tide, Folgers, and Crisco (Oneal 1987). This approach can easily be implemented in other circuits on a smaller level. For example, there are circuits that race vintage cars. This audience may appeal to businesses that sell or repair vintage items, such as cars, antique shops, and the restoration industry. Other circuits may have a younger audience and businesses such as radio stations and popular clothing and record outlets may appeal to this crowd.

Money can aid in almost all facets of racing. However, one area that Formula SAE teams excel at is their ability to gain other resources from businesses. This would include parts, material, equipment, and software, all extremely beneficial to a race team. These teams need to evaluate their needs to compete in a race and resources to which they have access. Not all businesses are able to donate money, but may be able to donate extra material or parts that they no longer use or provide a large discount. These types of sponsorships were identified as being as valuable to the FSAE team as money. In the past, the team had difficulties in manufacturing an accurate and solid chassis. One of the team's sponsors became aware of this situation and donated a used surface plate to the team. A surface plate may not be as feasible to every, but other items such as tools, machinery, materials, and parts would as beneficial.

One of the advantages that Formula SAE teams have in gaining sponsors is the connection with a university or college. As found, businesses have a desire to be

associated with institutions of higher learning and are more willing to provide necessary means to do so. On the other hand, this can be viewed as goodwill towards the community. Businesses may see sponsoring a local race team as a means of supporting the community, especially in areas where events at the race track are very popular. Today, more and more race tracks conduct community-related events such as having the local elementary school as special guests or Just Say No Nights. This is a positive image that businesses enjoy being linked to and may wish to support either the event or teams participating in the event through a sponsorship. In addition, there is a lot of exposure of race cars in communities. During the summer, many cities allow the cars to participate in parades and festivals. Larger circuits may have a popular annual event that a large number of spectators attend increasing the audience exposure.

Circuits such as NASCAR and Formula One have very well known corporations as sponsors of events and teams. Because of the great reach and exposure, these businesses can afford the sponsorship. They may have little or no interest in sponsoring teams that race at the local track in various towns across the country. Because the reach is much smaller and the popularity of the driver and team is unknown, national businesses would not receive the same benefits received on the professional level, even if it costs the company less. Also, unlike Formula SAE, there is little interest in recruiting individuals involved with these teams for employment, which stood as the number one reason for sponsorship of FSAE teams.

In retrospect, non-professional grassroots race teams should devote as much effort in seeking sponsorship as any other team. It is the focus of their efforts that should be adapted to meet the team and circuit's needs. Therefore, from the case study, it is

recommended that race teams at this level pursue sponsorships from businesses within their community. The type of business, again, depends on the team's audience and needs. The benefits are much stronger for both parties with sponsorships at the local level. Teams may not be able to get the size of sponsorships they desire, but the resources and technical advice received will be just as valuable if not more. If a loyal and honest relationship is established and maintained between the team and sponsor, the businesses will receive similar benefits seen with Formula SAE teams. However, grassroots race teams should not be discouraged from approaching large, national businesses for sponsorship. Sponsorships are about risks and some national companies do take an interest in these smaller teams and are willing to make a contribution. Therefore, it is also recommended that businesses whose headquarters are located within the community be sought after.

IMPLICATIONS FOR OTHER LOCAL EVENTS

Sponsorships are rather fluid in that variables can change at anytime. The type of event, the spectators or audience, the available funds, and even the underlying motives may change with each event or cause. Automotive racing sponsorships are no different. There is not a set structure as to how to approach sponsorship efforts. In addition, there are no set guidelines for event sponsorship. However, whether it is for racing or any other event, the same thinking processes can be followed in order to achieve the most successful sponsorship program for the appropriate event.

In establishing a sponsorship, contributors must evaluate their objectives and find the "best fit" event and audience that would meet these objectives. Event participants

must do the same when seeking sponsoring organizations. Both must also determine what types of businesses will best meet their needs: local or national. From the research conducted with the Formula SAE team, which can apply to all events, there tends to be a “better fit” for local or community events and local businesses serving as sponsors. Similar benefits of grassroots racing circuits can be met with any sponsored community event, these being exposure to new and existing markets, advertising products or company, generating sales, generating goodwill, and creating a positive image. Whether it is a marathon, festival, or the local race track, sponsorships can benefit consumers and businesses alike. It is the careful execution of researching to establish a fit and meeting set objectives that will determine if the sponsorship is successful.

CHAPTER 6: LIMITATIONS

Several factors were limitations in grasping a strong understanding in certain areas of the case study. The most important was the poor response rate. To begin with, there was a small sample available to analyze. The team consists of fewer than thirty members and has fewer than thirty sponsors. In addition, due to poor record keeping, it was difficult to contact alumni of the MSU Formula SAE race team. Therefore, the response rate was what would have been expected; however the actual number of respondents was far fewer than desired. More thorough follow-up was needed in order to assure a more accurate account of responses. Also, more University and community members would have interesting results in determining consumer perceptions of sponsorship efforts.

To further the study, it is suggested that data be collected from several Formula SAE teams. This will aid in comparing different processes of gaining sponsorships from schools with different levels of success of their FSAE car, budgets, school involvement, and locations. Each of these would play an important factor in assessing the benefits received by a team's sponsors.

Even though several aspects of the case study could be used to generalize sponsorship benefits and consumer perceptions of other grassroots racing, Formula SAE serves as a unique avenue for businesses. With its educational foundation, sponsors of Formula SAE have been found to possess motives for sponsorship that is not seen in

other race circuits. This could include the recruitment of future graduates. It is possible that businesses will hire individuals in other circuits because of the relationship established; however recruitment is more likely to occur and is one of the major benefits of FSAE sponsors. In addition, there are no university ties to other race circuits. It has been seen that some colleges or universities will serve as sponsors of a student's or employee's race car, but this is not done in the same manner as seen in SAE.

Qualitative data was utilized for analysis of focus groups, personal interview, and questionnaire purposes. Questionnaires were coded for quantitative purposes, however due to the poor response rate qualitative analysis was used. Interpretation by the researcher may have caused error or biases in findings from participants. Despite the difficulty in analysis and margin of error, the use of qualitative research was determined more beneficial for the purpose of the case study.

APPENDICES

APPENDIX A

Table 1– Sponsorship Event Width and Depth

	Width	Depth	Examples
Global Event	Worldwide coverage	High interest level	Olympic Games World Cup soccer
International Event	Limited geographic region <i>or</i> High global reach	High interest level <i>or</i> Low interest level	European Cup Soccer Pan-Am Games <i>or</i> Wimbledon Tour de France
National Event	Single (or dual) country reach	High interest level	World Series (US) Sumo wrestling (Japan)
Regional Event	Narrow geographic reach (region within country)	High interest level	Boston Marathon Big Ten Football IRA Racing
Local Event	Narrow geographic reach (single city or community)	High interest level to those in segment; low interest level to others	High school football Minor League Baseball

Table 2 – Sponsor Recall of Team Members

Sponsor Identified	Number of Times Identified
Ace Graphics and Signs	1
Alro Steel*	1
ASMSU	2
ATI	2
Aurora Bearings*	5
Belle Tire	4
Bosch	14
Ciba**	1
City Body	1
Cold Forming**	1
College Bike Shop	2
Cyclotron (NSCL)	1
DaimlerChrysler	16
Demmer Corporation	15
Denton Family	1
Department of Communication & Arts*	1
DuraBar	2
Duralite*	1
Essex Racing*	1
Fallicon	1
Ford Motor Company	20
Fox Racing Shox*	1
General Motors	18
GKN	6
H&H Mobil	1
Hanson Bulk**	2
Hexcell**	1
Jeff Schmitz	4
Lear Corporation**	1
Mechanical Dynamics	2
Michigan Machining	4
MSU College of Engineering	12
Mid-State Bolt and Screw*	1
MoTec*	2
MSC Software*	1
National Instruments	1
NGK	8
Paul's Auto	1
Performance Friction Corporation	6
Platinum Digital Media	5
Priority Auto Body	1
Ravenna Pattern and Manufacturing	1

Table 2 cont.

Real 2 Real*	1
Rhino Composites	1
Robert Peckham	1
Sensor Manufacturing	1
Skip Barber Racing School	1
Spitz Family	1
Stealth Engineering	1
Tash Family	1
Vantico	3
Visteon	11
VT Competition Engine Development	12
Weisco Pistons	1
West Michigan Spline	4
Wilwood*	1

** not a sponsor*

*** not a sponsor within past two years*

Table 3 – Sponsor Recall of Alumni and Parents

	Alumni	Alumni Sponsors	Parents	Parent Sponsor
Altair**	0	1	0	0
Aurora Bearings*	0	1	0	0
Belle Tire	0	1	0	0
Bosch	0	2	2	1
Ciba**	1	0	0	0
College Bike	0	1	0	0
DaimlerChrysler	2	3	3	3
Delphi*	0	0	0	2
Demmer Corporation	2	3	3	1
Detroit Diesel**	0	1	0	0
Ford Motor Company	2	3	7	3
General Motors	3	2	7	3
GKN	0	1	0	0
Hexcell**	0	1	0	0
Honda*	0	0	1	0
Hoosier*	0	0	0	1
InsulTab**	0	1	0	0
Jeff Schmitz	1	1	0	0
Lear**	1	2	0	0
Lincoln Electric	0	1	0	0
LocTite**	1	1	0	0
Mechanical Dynamics	0	1	0	0
Meritor**	0	1	0	0
Michigan Machining	0	1	0	0
Mid-State Bolt and Screw*	0	1	0	0
MSU College of Engineering	1	2	0	0
National Instruments	1	1	0	1
NGK	1	1	1	0
Performance Friction Corporation	1	1	0	0
Research Tool**	0	1	0	0
Rhino Composites	1	0	0	0
Slick's Great Lakes Salvage	0	1	0	0
Vantico	0	1	1	0
Visteon	2	1	1	2
VT Competition Engine Development	0	1	0	0
West Michigan Spline	0	1	0	0
Wheel to Wheel	1	1	0	0
Williamston True Value**	1	0	0	0

* not a sponsor

** not a sponsor with in past two years

Table 4 – Alumni and Parent Sponsor Patronage

	Alumni		Alumni-Sponsors		Parents		Parent-Sponsors	
	Yes	No	Yes	No	Yes	No	Yes	No
Local-Automotive Sponsors	1	1	1	2	0	7	0	3
National-Automotive Sponsors	2	0	2	1	5	2	2	1
Local-Non-Automotive Sponsors	2	0	0	3	0	7	0	3
National-Non-Automotive Sponsors	1	1	0	3	2	5	0	3

APPENDIX B

Questionnaire – Parents and Alumni

Formula SAE Sponsorships

Thank you for taking the time to complete this questionnaire. Below are definitions for terms used for the purpose of this questionnaire.

Sponsor – a business or individual donating money, materials, parts, and/or services to the MSU FSAE team; sponsors are identified on the body of the vehicle

National Sponsor – a MSU FSAE sponsor whose business serves the greater part of the United States; this could include franchises/chains, international companies, businesses with multiple locations throughout the United States

Local Sponsor – a MSU FSAE sponsor whose business serves primarily the state of Michigan or a region within the state; this includes possessing several locations within the state and customers primarily located in Michigan

Circuit – league in which a car and/or driver races in; MSU FSAE competes in a collegiate competition ran by the Society of Automotive Engineers (SAE); FSAE will be considered the circuit

Automotive Industry – any businesses who sell or manufacture automobiles and/or automotive parts or services; this includes vehicle manufacturers, car dealerships, auto body shops, automotive part suppliers, garages/towing companies, racing schools/tracks, etc.

Non-Automotive Industry – any business which does not fall in the automotive category

Part A

1. Have you either seen the MSU Formula SAE car or pictures of the MSU Formula SAE car? (please circle one)

Yes No

2. Can you recall any of the sponsors of the MSU Formula SAE car?

Yes No

If yes, please list all of the sponsors that you are able to recall in the space below:

3. During the past six months, how many times have you patronized an MSU FSAE sponsor? (please circle one)

3a. Local automotive sponsors 0 times 1-2 times 3-4 times 5 or more times

3b. National automotive sponsors 0 times 1-2 times 3-4 times 5 or more times

3c. Local non-automotive sponsor 0 times 1-2 times 3-4 times 5 or more times

3d. National non-automotive sponsors 0 times 1-2 times 3-4 times 5 or more times

The following questions concern your opinion as a consumer on businesses sponsoring automotive race teams. Please red each statement and circle the best response. (1=strongly disagree, 5=strongly agree)

	Strongly Disagree	Somewhat Disagree	Not Sure	Somewhat Agree	Strongly Agree
4. Local businesses sponsor FSAE to advertise their business	1	2	3	4	5
5. National businesses sponsor FSAE to advertise their business	1	2	3	4	5
6. Local businesses sponsor FSAE to generate business/sales	1	2	3	4	5
7. National businesses sponsor FSAE to generate business/sales	1	2	3	4	5
8. Local businesses sponsor FSAE to better the university community	1	2	3	4	5
9. National businesses sponsor FSAE to better the university community	1	2	3	4	5
10. Local businesses sponsor FSAE to better the SAE community	1	2	3	4	5
11. National businesses sponsor FSAE to better the SAE community	1	2	3	4	5
12. I would give my business to local companies that sponsor FSAE	1	2	3	4	5
13. I would give my business to national companies that sponsor FSAE	1	2	3	4	5
14. I would not be affiliated with businesses that sponsor FSAE	1	2	3	4	5

15. If two companies, one local and one national, provided the same service/product of the same quality and same price, which would you give your business to? (please circle one)

Local Company

National Company

Part Two

Below are sets of word pairs. Please mark closest to the word which best reflects your feelings about sponsorships. For example, if you think that sponsors matter to racing, you might respond like this:

matters to me _____ does not matter to me

Local Automotive Sponsors

good	_____	_____	_____	_____	_____	_____	_____	bad
qualified	_____	_____	_____	_____	_____	_____	_____	unqualified
pleasant	_____	_____	_____	_____	_____	_____	_____	unpleasant
dependable	_____	_____	_____	_____	_____	_____	_____	undependable
favorable	_____	_____	_____	_____	_____	_____	_____	unfavorable
sincere	_____	_____	_____	_____	_____	_____	_____	insincere

National Automotive Sponsors

good	_____	_____	_____	_____	_____	_____	_____	bad
qualified	_____	_____	_____	_____	_____	_____	_____	unqualified
pleasant	_____	_____	_____	_____	_____	_____	_____	unpleasant
dependable	_____	_____	_____	_____	_____	_____	_____	undependable
favorable	_____	_____	_____	_____	_____	_____	_____	unfavorable
sincere	_____	_____	_____	_____	_____	_____	_____	insincere

Local Non-Automotive Sponsors

good	_____	_____	_____	_____	_____	_____	_____	bad
qualified	_____	_____	_____	_____	_____	_____	_____	unqualified
pleasant	_____	_____	_____	_____	_____	_____	_____	unpleasant
dependable	_____	_____	_____	_____	_____	_____	_____	undependable
favorable	_____	_____	_____	_____	_____	_____	_____	unfavorable
sincere	_____	_____	_____	_____	_____	_____	_____	insincere

National Non-Automotive Sponsors

good	_____	_____	_____	_____	_____	_____	_____	bad
qualified	_____	_____	_____	_____	_____	_____	_____	unqualified
pleasant	_____	_____	_____	_____	_____	_____	_____	unpleasant
dependable	_____	_____	_____	_____	_____	_____	_____	undependable
favorable	_____	_____	_____	_____	_____	_____	_____	unfavorable
sincere	_____	_____	_____	_____	_____	_____	_____	insincere

Below are another set of word pairs. Please mark closest to the word which best reflects your feelings towards sponsorships based on the following question:

1. How do you feel about the following sponsor types?

Local Automotive Sponsors

Cares about FSAE	___	___	___	___	___	___	___	Does not care about FSAE
Cares about MSU community	___	___	___	___	___	___	___	Does not care about MSU community
Concern for team member welfare	___	___	___	___	___	___	___	No concern for team member welfare
Creates positive corporate image	___	___	___	___	___	___	___	Creates negative corporate image

National Automotive Sponsors

Cares about FSAE	___	___	___	___	___	___	___	Does not care about FSAE
Cares about MSU community	___	___	___	___	___	___	___	Does not care about MSU community
Concern for team member welfare	___	___	___	___	___	___	___	No concern for team member welfare
Creates positive corporate image	___	___	___	___	___	___	___	Creates negative corporate image

Local Non-Automotive Sponsors

Cares about FSAE	___	___	___	___	___	___	___	Does not care about FSAE
Cares about MSU community	___	___	___	___	___	___	___	Does not care about MSU community
Concern for team member welfare	___	___	___	___	___	___	___	No concern for team member welfare
Creates positive corporate image	___	___	___	___	___	___	___	Creates negative corporate image

National Non-Automotive Sponsors

Cares about FSAE	___	___	___	___	___	___	___	Does not care about FSAE
Cares about MSU community	___	___	___	___	___	___	___	Does not care about MSU community
Concern for team member welfare	___	___	___	___	___	___	___	No concern for team member welfare
Creates positive corporate image	___	___	___	___	___	___	___	Creates negative corporate image

Thank you again for taking the time to complete this questionnaire.

QUESTIONNAIRE – PARENT AND ALUMNI SPONSORS

The following questions are only for those who have donated money, services, and/or material to the MSU FSAE team. Please answer the following questions as a sponsor.

1. Why did you sponsor Formula SAE?

2. What do you look for in return from the FSAE team?

3. How did you become a sponsor of FSAE?

4. What kind of relationship/interaction do you have with members of MSU FSAE?

5. What kind of benefits, (for example publicity, new customers, image enhancement) do you expect to receive from sponsoring MSU FSAE?

Thank you again for taking the time to complete this questionnaire.

QUESTIONNAIRE - SPONSORS

Formula SAE Sponsorships

Thank you for taking the time to complete this questionnaire. The following questions pertain to your organization's sponsorship of the Michigan State University Formula SAE team.

1. How long has your organization been a sponsor of the MSU Formula SAE team?
(please check one)

_____ Less than one year

_____ One to three years

_____ Three to five years

_____ Over five years

2. What form of support have you provided to the MSU FSAE team?
(please check all that apply)

_____ Financial

_____ Materials

_____ Parts

_____ Machining

_____ Equipment

_____ Services

_____ Expertise/Advice

3. Keeping in mind that there are many different types of events to sponsor, what would you say are the top three reasons that your organization sponsors Formula SAE?
4. Keeping in mind that there are many different organizations to sponsor, what would you say are the top three reasons that your organization sponsors Michigan State University FSAE?
5. How did you become a sponsor of MSU FSAE?

6. What do you see as the main benefits that your organization **ACTUALLY** receives, from your sponsorship of MSU FSAE?
7. What benefits do you hope for in the future?
8. What kinds of interaction does your organization maintain with MSU FSAE?
9. How do you think MSU FSAE team members to gain from your organization's sponsorship?

Thank you again for taking the time to complete this questionnaire.

APPENDIX C

MEASUREMENT OF SPONSOR MOTIVES

Asked of Alumni and Parents

The following questions concern your opinion as a consumer on businesses sponsoring automotive race teams. Please read each statement and circle the best response. (1=strongly disagree, 5=strongly agree)

	Strongly Disagree	Somewhat Disagree	Not Sure	Somewhat Agree	Strongly Agree
1. Local businesses sponsor FSAE to advertise their business	1	2	3	4	5
2. National businesses sponsor FSAE to advertise their business	1	2	3	4	5
3. Local businesses sponsor FSAE to generate business/sales	1	2	3	4	5
4. National businesses sponsor FSAE to generate business/sales	1	2	3	4	5
5. Local businesses sponsor FSAE to better the university community	1	2	3	4	5
6. National businesses sponsor FSAE to better the university community	1	2	3	4	5
7. Local businesses sponsor FSAE to better the SAE community	1	2	3	4	5
8. National businesses sponsor FSAE to better the SAE community	1	2	3	4	5

Asked of Alumni and Parents who sponsor the team

The following questions are only for those who have donated money, services, and/or material to the MSU FSAE team. Please answer the following questions as a sponsor.

1. Why did you sponsor Formula SAE?
2. What do you look for in return from the FSAE team?
3. What kind of benefits, (for example publicity, new customers, image enhancement) do you expect to receive from sponsoring MSU FSAE?

Asked of Sponsors

The following questions pertain to your organization's sponsorship of the Michigan State University Formula SAE team.

10. Keeping in mind that there are many different types of events to sponsor, what would you say are the top three reasons that your organization sponsors Formula SAE?
11. Keeping in mind that there are many different organizations to sponsor, what would you say are the top three reasons that your organization sponsors Michigan State University FSAE?
12. What do you see as the main benefits that your organization ACTUALLY receives, from your sponsorship of MSU FSAE?
13. What benefits do you hope for in the future?

APPENDIX D

MEASUREMENT OF SPONSOR CREDIBILITY

Asked of Alumni and Parents

Part Two

Below are set s of word pairs. Please mark closest to the word which best reflects your feelings about sponsorships. For example, if you think that sponsors matter to racing, you might respond like this:

matters to me _____ _____ _____ _____ _____ _____ _____ does not matter to me

Local Automotive Sponsors

good	_____	_____	_____	_____	_____	_____	_____	bad
qualified	_____	_____	_____	_____	_____	_____	_____	unqualified
pleasant	_____	_____	_____	_____	_____	_____	_____	unpleasant
dependable	_____	_____	_____	_____	_____	_____	_____	undependable
favorable	_____	_____	_____	_____	_____	_____	_____	unfavorable
sincere	_____	_____	_____	_____	_____	_____	_____	insincere

National Automotive Sponsors

good	_____	_____	_____	_____	_____	_____	_____	bad
qualified	_____	_____	_____	_____	_____	_____	_____	unqualified
pleasant	_____	_____	_____	_____	_____	_____	_____	unpleasant
dependable	_____	_____	_____	_____	_____	_____	_____	undependable
favorable	_____	_____	_____	_____	_____	_____	_____	unfavorable
sincere	_____	_____	_____	_____	_____	_____	_____	insincere

Local Non-Automotive Sponsors

good	_____	_____	_____	_____	_____	_____	_____	bad
qualified	_____	_____	_____	_____	_____	_____	_____	unqualified
pleasant	_____	_____	_____	_____	_____	_____	_____	unpleasant
dependable	_____	_____	_____	_____	_____	_____	_____	undependable
favorable	_____	_____	_____	_____	_____	_____	_____	unfavorable
sincere	_____	_____	_____	_____	_____	_____	_____	insincere

National Non-Automotive Sponsors

good	_____	_____	_____	_____	_____	_____	_____	bad
qualified	_____	_____	_____	_____	_____	_____	_____	unqualified
pleasant	_____	_____	_____	_____	_____	_____	_____	unpleasant
dependable	_____	_____	_____	_____	_____	_____	_____	undependable
favorable	_____	_____	_____	_____	_____	_____	_____	unfavorable
sincere	_____	_____	_____	_____	_____	_____	_____	insincere

Below is another set of word pairs. Please mark closest to the word which best reflects your feelings towards sponsorships based on the following question:

2. How do you feel about the following sponsor types?

Local Automotive Sponsors

Cares about FSAE	_____	_____	_____	_____	_____	_____	Does not care about FSAE
Cares about MSU community	_____	_____	_____	_____	_____	_____	Does not care about MSU community
Concern for team member welfare	_____	_____	_____	_____	_____	_____	No concern for team member welfare
Creates positive corporate image	_____	_____	_____	_____	_____	_____	Creates negative corporate image

National Automotive Sponsors

Cares about FSAE	_____	_____	_____	_____	_____	_____	Does not care about FSAE
Cares about MSU community	_____	_____	_____	_____	_____	_____	Does not care about MSU community
Concern for team member welfare	_____	_____	_____	_____	_____	_____	No concern for team member welfare
Creates positive corporate image	_____	_____	_____	_____	_____	_____	Creates negative corporate image

Local Non-Automotive Sponsors

Cares about FSAE	_____	_____	_____	_____	_____	_____	Does not care about FSAE
Cares about MSU community	_____	_____	_____	_____	_____	_____	Does not care about MSU community
Concern for team member welfare	_____	_____	_____	_____	_____	_____	No concern for team member welfare
Creates positive corporate image	_____	_____	_____	_____	_____	_____	Creates negative corporate image

National Non-Automotive Sponsors

Cares about FSAE	_____	_____	_____	_____	_____	_____	_____	Does not care about FSAE
Cares about MSU community	_____	_____	_____	_____	_____	_____	_____	Does not care about MSU community
Concern for team member welfare	_____	_____	_____	_____	_____	_____	_____	No concern for team member welfare
Creates positive corporate image	_____	_____	_____	_____	_____	_____	_____	Creates negative corporate image

APPENDIX E

MEASUREMENT OF SPONSOR PATRONAGE

Asked of Alumni and Parents

1. During the past six months, how many times have you patronized an MSU FSAE sponsor? (please circle one)

1a. Local automotive sponsors 0 times 1-2 times 3-4 times 5 or more times

1b. National automotive sponsors 0 times 1-2 times 3-4 times 5 or more times

1c. Local non-automotive sponsor 0 times 1-2 times 3-4 times 5 or more times

1d. National non-automotive sponsors 0 times 1-2 times 3-4 times 5 or more times

The following questions concern your opinion as a consumer on businesses sponsoring automotive race teams. Please read each statement and circle the best response. (1=strongly disagree, 5=strongly agree)

	Strongly Disagree	Somewhat Disagree	Not Sure	Somewhat Agree	Strongly Agree
2. I would give my business to local companies that sponsor FSAE	1	2	3	4	5
3. I would give my business to national companies that sponsor FSAE	1	2	3	4	5
4. I would not be affiliated with businesses that sponsor FSAE	1	2	3	4	5

5. If two companies, one local and one national, provided the same service/product of the same quality and same price, which would you give your business to? (please circle one)

Local Company

National Company

APPENDIX F

MEASUREMENT OF SPONSOR RECALL

Asked of Alumni and Parents

Part A

1. Have you either seen the MSU Formula SAE car or pictures of the MSU Formula SAE car? (please circle one)

Yes No

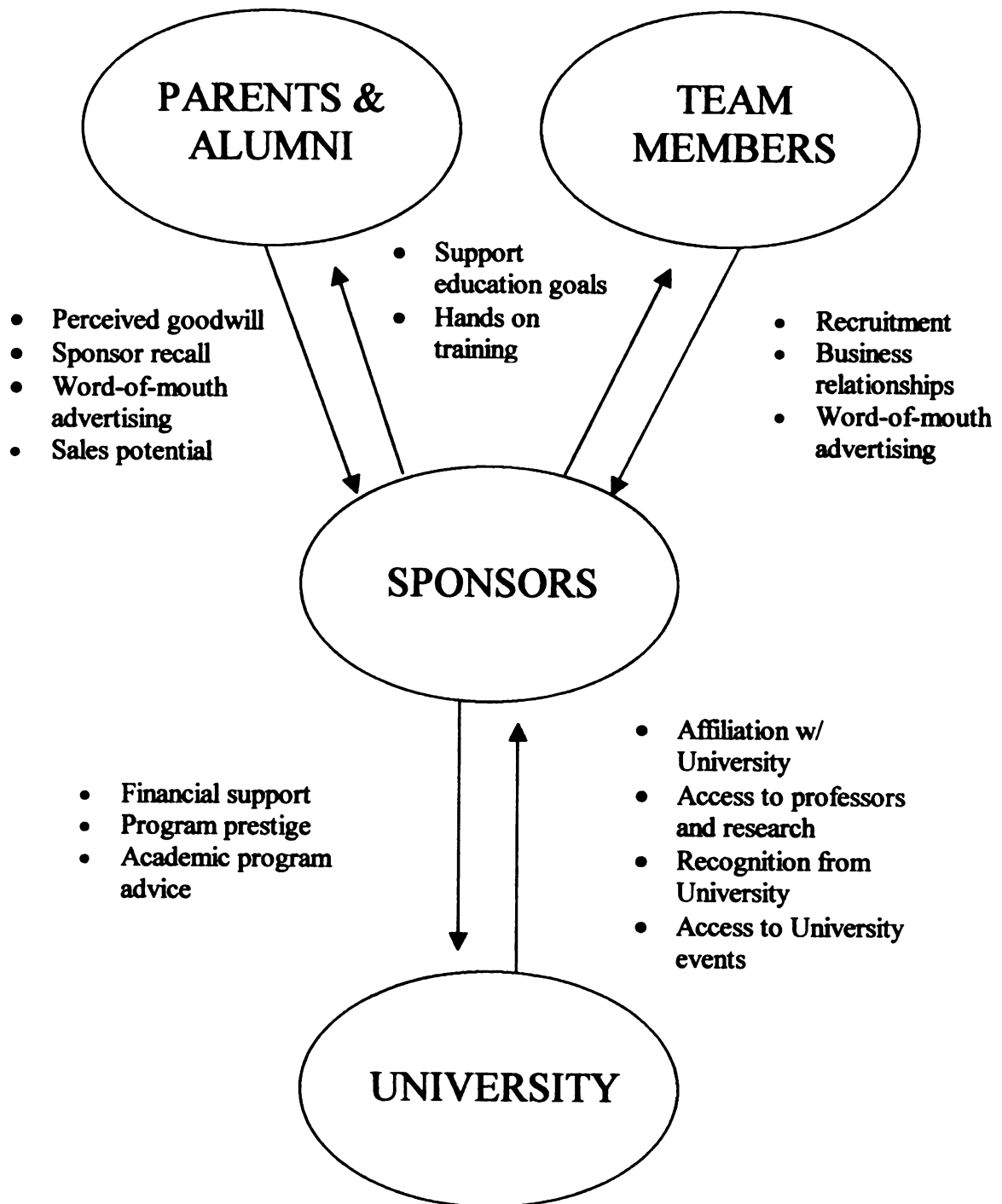
2. Can you recall any of the sponsors of the MSU Formula SAE car?

Yes No

If yes, please list all of the sponsors that you are able to recall in the space below:

APPENDIX G

Figure 1 - Reciprocal Benefits for Formula SAE Stakeholders



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