The Opening Of Pandora’s Box

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

LIFESTYLE IN CHINA

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

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

The new segments of China’s population favor Western lifestyles. These represent the modern Chinese consumer, who is not only the focus of the new market, but also a significant part of the future market.

TCL, a Chinese appliance and mobile telephone company, sponsored the richest golf event ever held on the mainland in 2002. The $1.1 million prize pool was the highest in China’s history.

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

RISE OF SPONSORSHIP

The proliferation of promotional advertising has speeded the marketplace, making it more difficult for companies to reach their target markets. Thus, an alternative marketing tool is utilized.

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

“Competition is becoming stiffer among companies in China who wish to obtain a share of this lucrative consumer market.”

SPORTS BOOM

The development in global sports has fostered a parallel growth in China. In addition, the media, particularly television and the internet, are delivering sports directly into the living rooms. The success of China’s rising, the demand for favorable coverage, and the event sponsorship have driven a rise in the number of Chinese watching and participating in sports.

The Chinese public is avid sports spectators, and many of them are willing to pay for the privilege of watching their favorite teams. For this reason, China has become a major market for sports brands and their products.

“Retailers in China are already capturing a significant portion of the market for sports apparel and equipment, and this trend is likely to continue.”

In conclusion, China has become the most important emerging market in the world. Companies that are able to take advantage of the growth in this market will be well-positioned for future success.

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

GOALS OF SPONSORSHIP

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

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

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

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

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

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

WHAT IT ALL MEANS

The factors identified in this study are critical to the success of golf events in China. Television media was identified as the most important factor to the event's success, followed by live television coverage and television highlights as the most effective variables. With this knowledge, sponsors can structure their marketing strategy to maximise the use of television in reaching their intended target group.

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

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

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

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