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Sports Sponsorship, Brand Value, Financial Performance: An Empirical Analysis

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Abstract

In this Study, the impact of sports sponsorship spending on brand value and financial performance of businesses between 2015 and 2024 will be explored. It is a model that is based on the resource-based approach and signalling theory, and suggests that brand value is a mediator between returns from investment in sponsorship and financial success, as measured by return to equity, return on assets, and Tobin's Q. The research uses a longitudinal panel of sponsorship activations for 180 firm-years across 62 publicly listed companies across four sectors: beverage, financial services, automobile, and telecommunications and clothing. The suggested associations are methodologically tested with bootstrapped mediation analyses and fixed-effects panel regression. The results demonstrate a strong positive relationship between the increase in brand value and amount of sponsorship expenditure (β = .58, p,.001). In addition, brand value (β =.41, p < .001) is an important determined of financial success. Interestingly, 68% of the net effect of sponsorship on financial performance is due to the brand value, meaning that the brand value partially mediates this effect. This correlation is enhanced by other factors, such as brand-sponsorship congruence and duration of sponsorship relationships, as shown by

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the moderation analyses. Sponsorships in the athlete endorsement category had the highest brand value gains, among all the categories of sponsorship analysed. The findings are very significant in support of the conceptualization of sponsorship as a strategic investment to boost intangible assets instead of merely a frivolous marketing cost. These are relevant to the chief financial officers, marketing managers and sport property rights owners and highlight the importance of strategic brand value management in sports. A number of limits are mentioned in the text that potentially affect the accuracy of brand value assessment: those regarding sample makeup and that concerning methods of measurement. It also recommends further studies which should be conducted in future, and the need for cross-national and longitudinal studies to better understand and apply it in different situations.
Keywords: Sports Sponsorship, Brand Value, Financial Performance, Sponsorship Investment, Brand-Sponsorship congruence.

1. Introduction

Sports sponsorship is now a multi-billion-dollar international marketing technique and activity, with global expenditure of seventy billion US dollars per year. This investment is mainly directed to sports properties via a number of ways, such as jersey sponsorships, stadium naming rights, athlete endorsements, event title agreements, and broadcasts-integrated activations. The substantial increase in the amount of money being spent on sponsorships demonstrates that brands and sport offer unique benefits over traditional forms of advertising in the reputational, emotional and financial spheres. But the impact of sponsorship expenditure on directly measurable financial outcomes is not completely understood and is often misunderstood, as it's hard to differentiate sponsorship benefits from other marketing activities and tactics.

The current study aims to examine the relationship between sponsorship investment and financial success, by conceptualizing the brand value as an important linkage. This study differs from previous studies that focus on a direct relationship between sponsorship and the firm, as it focuses on the resource-based view of the firm and argues that most of the time sponsorship

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contributes to brand equity-an intangible asset. This brand equity is hypothesized to lead to better financial outcomes as in market value and profitable. This approach is consistent with a growing marketing research paradigm that considers brands as assets to be value on the balance sheet instead of merely a means of communication.

This study is unique from previous studies in several respects. It utilizes a multi-sector panel that has been followed for 10 years - allowing the assessment of the value and financial success of brands over time, rather than in one go. To allow for comparisons of the different forms of activation- both in terms of brand and financial returns-the study also considers a range of sponsorship types including jersey sponsorship and kit sponsorship, stadium naming rights, individual athlete endorsement, event title sponsorship and team / league partnerships. Further, it applies a methodological approach that is not used in sponsorship literature - bootstrapped indirect-effect estimates – to explore brand value as a statistical mediator. The investigation looks at boundary circumstances that might either increase or decrease the efficacy of the sponsorship-to-brand-value route, such as sponsorship length and brand-sponsorship congruence.

The investigation also has significant implications for marketing executives facing heightened demands to prove the value of the investments they make in sponsorships, which they can now do by applying the same methods they use to demonstrate the value of other investments. With the growing number of digital and experiential marketing options available, sport property right holders (sport leagues, clubs, sport federations and sport evet organizer) must provide a value offer to maintain and strengthen their sports sponsorship revenues. Therefore, sponsors and sponsees in the sponsorship transaction must be able to have a mechanism-based understanding of the financial value created by sponsorship.

Despite the fact that a marketing contribution to shareholder value is a conceptually significant issue in the marketing-finance interface, it is not as significant as it is for marketing management. Shareholder value creation is advocated by marketing academics as the measure of marketing initiatives. Marketing academics argue for measuring marketing initiatives by impact on shareholder value, e.g., return on marketing investment, marketing responsibility. Sponsorship is an important example of this concept of responsibility, and an important and rapidly growing marketing expenditure. A statistical framework of the process from spend to brand value and then to return on investment – which would equate to the value generated by marketing and sponsorship investments – would reinforce the notion that investment in marketing and sponsorship is not a budgetary cost but a value-creating cost.

It has multiple sections that reflect the examination of the theoretical and empirical literature in order to look for a research gap that the study would address: Section 2 provides a review of literature related to theory and empirical research on sponsorship, brand value and financial

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success. This study aims to describe the goal and the formal hypotheses that were tested in the study can be described in Section 3. These are described in section 4, in the research design, the sample of participants and in the categorization of sponsorships. The detailed description of the measurements, data collecting process and statistical analysis strategy are discussed in detail in Section 5, 6, and 7, respectively. The results for each hypothesis are summarized in section 8, and supported by five figures and six tables. Section 9 presents the key findings in relation to previous research and offers explanation of the findings via a mechanism whereas Section 10 concludes with the theoretical and managerial implications, limits, recommendations for future research.

2. Review of Literature

2.1 Sponsorship as a Marketing Communications and Strategic Investment

The first sponsorship research was based on outcomes such as brand awareness, recall, attitude change after viewing a sponsorship sign or after hearing the branding included in a broadcast. Initial sponsorship research was based around outcomes such as 'brand awareness', 'recall', 'attitude change' after viewing a sponsorship sign or seeing the branding being integrated into a broadcast. This strategy was the associative learning theories and classical conditioning approach, and recommended that the positive emotions and attributes of a brand with the sporting property. This literature, however, failed to make the link from awareness/attitude to subsequent financial consequences by using awareness/attitude as an end state rather than as a stepping stone to the creation of economic value.

Seeing sponsorship as a strategic investment choice, akin to research and development or capital spending, recent research has used event-study approaches to explore returns in stocks that sponsor in-house brands. The results indicate that there are small but statistically significant positive abnormal returns following major sponsorship announcements, especially in cases of such high-profile projects as the Olympic games, World Cup of football or other big professional sports leagues. Event-study analysis, however, does not look at other accounting-based performance outcomes that would confirm or disprove investors' expectations but simply measure the market's instant reaction to the events.

In the communications tradition, the factors that enhance the effectiveness of sponsorships in changing consumer perceptions of a brand have been explored. Familiarity with the brand, perceived sincerity of the sponsor's motives and the "exclusivity" with in a category of sponsorship are significant elements of the effectiveness. These results would serve as moderators of the efficacy of the messages and are similar to the attitudinal moderators investigated in the present study at the brand value level. This means that there should be a theoretical consistency between the financially focused work that this work is seeking to build upon and previous communication studies.

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2.2 Brand Value and Brand Equity as Intangible Assets

The value of the brand is the additional usefulness or income that can be attributed to the brand name in addition to the essential characteristics of the product. The theory of brand equity is primarily studied in terms of customer-based approach and financial based approach. The calculations of the value of the brands carried out in this research are based on financial-based procedures which use the procedures of algorithms such as the economic-use and royalty-relief algorithm that transforms the client equity into financial indicator. This allows one to make comparisons between accounting and market financial data directly.

There is a large amount of research that backs the link between brand equity and improved financial performance (e.g. higher price premiums, customer loyalty, reduced price sensitives and positive investor attitudes as reflected in market valuation multiples). Well managed brand portfolios demonstrate greater access to finance with better rates, higher and more stable Tobin's Q's and higher resilience in downturns. The results show that brand value is no mere marketing measure, but actually a tangible asset that can be measured and has an impact on the shareholder value. Accounting treatments that allow brands to be valued in merger and acquisition transactions are starting to consider this perspective.

2.3 Linking Sponsorship to Brand Value

The theoretical process relating to the link between sponsorship and brand value is related to several free theories. The meaning-transference theory suggests that when the perceived match is high enough, the sporting attributes that are important cultural and emotional values (Such as excellence, enthusiasm, national pride and teamwork) will be transferred to the sponsoring brand in a continuous co-presentation. Research on congruence and image transfer suggests that a sponsorship that is received as a natural fit will result in strong and positive brand associations than an incongruent sponsorship will receive. However, there is some research that suggests there is a potential benefit to attention to elaboration-driven incongruity when paired with the presence of clear explanatory information.

A second explanation is signalling theory, a notion that considers that corporate expenditures on sponsorships convey financial strength, market confidence and a commitment to stakeholders who can't personally assess the quality of the corporation. The signalling element can be particularly important to B2B and financial-services sponsors, who are looking to establish an institution and create a sense of scale through their sponsorship – not necessarily specific product attributes.

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The amount of empirical work that has been completed to assess direct brand value effects from sponsorship is limited, and most studies are based in one country or one industry, and are often based on proprietary brand ranking methodologies not disclosed. This will be useful for future research through a multi-sector, multi-year panel methodology and with a well-defined mediation model in which brand value mediation and financial success are explained and analysed in a single coherent analytical framework.

1. The brand value for this study is defined as the monetary value of a brand; that is, the valuation of a brand on a discounted cash-flow and a royalty-relief basis following the standard procedures used in brand valuation consultancy firms like Interbrand and Brand Finance.

2. In the signalling theory, the amount spent on sponsorship reflects a company's stability and quality. This is particularly relevant for information asymmetry stakeholders / investors / customers as it conveys dependability and credibility of the company.

2.4 Brand Value and Financial Performance

From the resource-based viewpoint, the source of sustained competitive advantage is valuable, rare, hard-to-imitate, and non-substitutable resources. Brand equity is more effective in meeting these requirements than many other intangible assets, which have been developed through regular and consistent marketing investments such as sponsorship. This is because it's difficult and expensive for competitors to get near to the established customer impressions once they're in place. This gives rise to the present study to consider brand value as a strategic resource and not just as an outcome of communication activities.

Research on accounting measures of brand strength and profitability, such as return on equity and return on assets, typically shows a positive relationship, although this relationship tends to be weak and depends on the industry, brand portfolio size, and level of development in the brand valuation methodology. Market-based studies based on such metrics as Tobin's Q and market-to-book ratios suggest that capital markets give greater recognition to intangible brand assets than accounting standards do, which usually don't recognize the value of brands created internally as assets on the balance sheet.

2.5 Research Gap

The research in both aspects supports the link between brand value and financial success, and the link between sponsorship and brand related outcomes, albeit in different ways. However, no integrated mediated relationship has been examined in a single empirical model over a period of time. This includes a comparison of types of sponsorship and factors that influence

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the effectiveness of this pathway, including congruence and length. The current research investigation focuses on this research gap.

2.6 Sponsorship Portfolio Complexity and Sector Variation

Research on a corporate sponsorship portfolio indicates that large corporations are more likely to sponsor multiple sports and assets instead of just one endorsement. It can have a negative impact on the relationships with a given product, but this method, which is derived from the portfolio theory, can minimize the reputational risk. In additional, there are varying objectives behind sponsorships across industry. Consumer industries such as clothes and beverages often look for sponsorships to enhance the brand impression and emotional links, while industries such as financial services and telecommunications focus on building institutional credibility, community relationships and business-to-business relationships. These variations across sectors in the purpose of sponsorship may lead to different outcomes in terms of brand value and financial returns. This study explores this possibility by including industry advertising intensity as a control variable and providing descriptive breakdowns of the advertising by sector.

There are disagreements about whether the benefits of brand value due to sponsorship should be viewed as a cumulative asset over the life of the sponsorships or as step function based on specific events during the sponsorship. The duration moderation hypothesis in this research examines the stock-based approach that holds that the initial years of sponsorships should be used to raise awareness and familiarity. Conversely, the more advanced the activation methods of the sponsor and the more developed the consumer associations, the higher the brand value and profitability for the next several years. The same goes for practitioners, who have found that in many cases, renewals stage sponsorships lead to premium pricing because of the existing brand equity that exists due to the relationship with the client; a price that the new contenders would take years to create.

3. The resource-based view (RBV) of a firm posits that its competitive advantages stem primarily from this unique, the firm's resources must be valuable, rare and unique. One of these resources, which can be enhanced through sponsorship efforts.

3. Purpose of the Study

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The aim of the study is to discover what factors strengthen the sport sponsorship investment and financial success of the company in terms of brand value. It aims to assess the relationship between sponsorship investment intensity and changes in brand value by sector, test whether brand value serves as an important mediator between sponsorship investment and three financial performance measures (ROE, ROA, and Tobin's Q) and explore how the duration of the sponsorship investment and brand value.

3.1 Hypothesis

This study investigates four main hypotheses: Sponsorship investment and brand value; relationships among sponsorship investment and financial success; and relationship between sponsorship investment and financial success. Following the hypothesis

H_1: It is concluded that the higher the investment in the sponsorships, the higher is brand value.

H_2: The hypothesis suggests that there is a strong correlation between brand value and financial success is supported.

H_3: Spending on sponsorship and financial success is linked to brand value.

H_4: Its congruence of brand sponsorship and the length of time the brand has been sponsored moderate the relationship between two.

4. Methodology

4.1 Research Design

The study is conducted quantitatively and longitudinally, using the panel technique which combines secondary brand appraisal data with archival data on sponsorship and financial data. In the non-experimental, correlation design, industry level confounds and time invariant company heterogeneity are accounted for by using fixed effects panel regression. This approach minimizes the biases when evaluating the links between sponsorship investments, brand equity and financial results. The panel consists of firm-year information (2015-2024), enabling the development of delayed and dynamic interactions that allow for the representation of the gradual accumulation of brand equity over time that then impacts on financial performance over multiple reporting periods.

4.2 Participants

The sample frame consisted of companies that are publicly and have at least one current sport sponsorship agreement that is at least $1 million annually. This information was obtained from independent sponsorship intelligence databases and sponsorship disclosure reports on the stock exchanges. After eligibility criteria were applied, 62 companies were selected across five sectors, those were clothing and footwear, financial services, automotive, telecommunications and beverages that ultimately made up the sample. This yielded 180 observations of financial statement data for useable business year sponsorship activations after excluding observations

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from business that did not have the financial statements data used to identify the type of sponsorship and observations that were missing financial statement data.

The financial data for the last 10 years is available for the whole observation period for the companies included in the sample while the brand valuation data is taken from a secondary valuation dataset and has been available for the last six years. This criterion allowed easier estimation of the trajectory of the brands value within the businesses. The sample is not a random probability sample but is a purposeful panel that is designed to be more varied and more historical. The design is discussed in the constraints section with regard to generalizability.

4. In order to ensure temporal comparability of annual reports throughout the panel, the sample frame was created to exclude companies that did not adhere to the typical January- December fiscal year cycle.

4.3 Intervention Protocol

In this study, the term "intervention protocol" describes the classification of the sponsored activations and the interventions that are made, which is not a treatment provided by the researcher. Two trained study assistants categorized business disclosures as activations sponsorships into five categories: club or league partnership sponsorships, individual athlete endorsements, naming rights for stadium or arenas, naming rights for jersey or kit and naming rights for events. There was good interact agreement (Cohen's k = 0.87) for this categorisation and when disagreements occurred, this was resolved by discussion of the differences with a third senior coder.

Coders recorded the following for each of the sponsorship activation: The contact period (in years), the value of the sponsorship each year (either disclosed or estimated) and a congruence grade scored on a modified sponsor property fit scale. Three different raters were asked to apply a 7-point rating scale. Three different raters were asked to apply a 7-point rating scale to determine the sponsor's match to the sponsored properly in three areas: functional, image and value. The composite congruence index also was developed by averaging the scores and was very reliable (Cronbach's $\alpha = .84$). This way, researchers could not make quick judgements about individual sponsorships and ensure that all the sponsorships used in the statistical study were labelled in the same way and in a reliable manner.

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Along with any official activation that involved anything beyond just passive signage, such as hospitality events, co-branded content initiatives and athlete appearances when announced coders had to document the broadcast and digital media coverage achieved for each activation. Although the factors were not formal predictors in the basic hypothesis tests presented in Section 8, these factors were kept for a sensitivity analysis and briefly discussed in Section 9.3 results on length and congruence moderation. This coding process highlights the focus of the study to look at sponsorship as a complex strategic investment and is aimed to understand that the kind of investment not the financial quality, is what really makes a difference in the monetization of sponsorship.

5. Measures

Brand value was quantified by the annual estimates performed by an impartial brand valuation consultancy in millions of the USD and expressed in a log from for analysis. This was a uniform royalty-relief approach which could be applied across different companies and years as seen in Figures 3 and 5. It was further enhanced by the use of a normalized Brand Value Index that was on a 0-100 scale for ease of comparison across sectors. The stated or expected yearly spending in millions of US dollars which was likewise log-transformed was used to represent the sponsorship investment. Among the data sources were annual reports, sponsored intelligence systems and if necessary triangulated estimates from media-value evaluations.

The three main financial performance metrics were return on assets (ROA), return on equality (ROE) and Tobin's Q. ROA is an indicator of the efficiency of a business's use of its assists, while ROE is an indicator of the efficiency of a business's use of shareholders' equality. Tobin's Q can be computed by taking the market value of equity, adding it to the book value of liabilities and diving by the total book value of assets. Winsorization was applied to these three variables and one year lag was applied to the sponsorship and the brand value variables to capture the effects of sponsorship on financial results in an appropriate manner.

There were 5 levels of sponsorship. The fit of the brand sponsorship congruence was assessed on a scale from 1 (very poor fit) to 7 (very good fit). The length of the sponsorship (contact years) was considered as continuous variable and renewals were considered in order to represent the total length of the connection. Firm age, the ratio of advertisement to sales by industry (advertising intensity), leverage (total debt or total assets) and firm size (log of total assets) were used as control variables, based on their proven track record in earlier research of predicting brand value and financial performance.

6. Procedure

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There were four different phases to the data gathering process. The research created a sample frame of sponsoring companies based on information from two commercial databases of stock exchange disclosure documents. This frame was then re-mixed with presentations from investors and the company annual reports. The second step was to identify sponsorship activations and Assign them to one of the five sponsorship type groups and rate their congruence through the use of the appropriate coding technique. A random 20% sub-sample was double coded for the reliability of the coding of the whole sample.

Third, over a 10-year period, the total assets, net income, shareholders' equity, market capitalization, total liabilities and total dept of each sample firm were retrieved from a standardized financial database. This data was merged with a dataset of the values of the brands based on the fiscal years and business identifies. Fourth, the variables were also measured, winsorized and lagged as detailed in the Measures a section. The multivariate outliners, missing values and distributional assumptions of the combined panel data were checked before estimation of the model. There was no primarily human-subject data collected and all data sources were archival and publicly published, so ethical approval was not required.

5. Tobin's Q of a company is likely to be higher than one when the company has created value that tangible such as brand equity.

7. Statistical Analysis

All analyses employed panel data econometric software that includes firm fixed and macro-economic or industry wide year fixed effects to adjust for the existence of unobserved company level effects and macro-economic or industry wide historical trends. To confirm the preference for fixed effects estimation to random effects estimation, we performed a Hausman specification test.

Descriptive statistics and bivariate correlations were then computed to describe the sample and to assess for any potential multicollinearity among predictors. Hypothesis 1 was tested using fixed effects panel regression where the sponsorship spending and control factors were used to predict the brand value. A different regression model was employed for the financial performed (Hypothesis 2) against brand value and controls. Moreover, baron and Kenny causal steps technique employed to confirm the Hypothesis 3 that proposed mediation effect. This was then followed by a formal bootstrapped indirect effect estimation based on 5000 bias corrected re

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sampling. There is no alternative method for statistical mediation of this type that does not rely on normal theory assumptions as set forth by the Sobel test which is currently the standard procedure that can be used to confirm statistical mediation.

Descriptive statistics and bivariate correlations were then computed to describe the sample and to assess for any potential multicollinearity among predictors. Hypothesis 1 was tested using a fixed effects panel regression which tested the prediction of a brand value based on sponsorship spend and control factors. The financial performance was assessed using a different regression model in Hypothesis 2 as a function of brand value and controls. Moreover, Baron and Kenny causal steps technique employed to confirm the Hypothesis 3 that proposed mediation effects. This was followed by a formal bootstrapped indirect effect estimation with 5000 biases correct resamples. There is no alternative method for statistical mediation of this type that does not rely on normal theory assumptions as set forth by the Sobel test which is currently the standard procedure that can be used to confirm statistical mediation.

The criteria for statistically significance were set at $\alpha = 0.05$ and exact p values and effect sizes were provided. Clustering of standard errors by company was done in all models to address serial correlation within businesses for the 10-year period. Continuous predictors were mean centered before calculating the interactions terms, to decrease unnecessary multicollinearity and enhance the perception of simple slopes.

As a robustness check, instead of using the log transformed monetary brand value number, main models were re-estimated using the alternative brand valuation proxy, the normalized Brand Value Index. In addition, there was a lag of two years between sponsorship investment and financial success and brand value and financial success were not correlated. In all of these assumptions the directions and statistical significance of all crucial coefficients remained the same as did the directions and statistical significance of all crucial coefficients remained the same as did the approximately size of all of them. For the sake of clarity and uniformity with the proposed model, the findings are given in Section 8 based on the main specification.

6. The Hausman specification test with a chi-squared statistic of 38.42 and p-value smaller than 0.001 shows that the fixed effects estimation is more appropriate than random effects estimation for the panel regression models used in the study.

7. Variance inflation factors (VIFs) were calculated for all the predictors and results were below 3.1. This means that the magnitude of the regression coefficients given in Tables 4 to 6 are not severely influenced by multicollinearity.

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8. Results

8.1 Sample Characteristics and Descriptive Statistics

Demograpic attributes of the final analytical sample of 180 firm-year sponsorship activations and 62 businesses are presented in great detail in Table 1. Of particular interest are the presence of financial services and clothing and footwear companies as these industries accounted for more than half of this sample. This distribution shows the level of sport sponsorship in these two sectors. The other 25% of business were in the beverage, telecommunications and industries.

Sector	No. of Firms	% of Sample	Mean Firm Age (yrs)	Mean Sponsorship Types
Apparel & Footwear	15	24.2%	38	2.1
Financial Services	13	21.0%	46	1.8
Automotive	12	19.4%	52	1.6
Telecommunications	11	17.7%	29	2.3
Beverages	11	17.7%	41	1.9
Total / Average	62	100.0%	41.2	1.9

Table 1. *Demographic and sectoral characteristics of sampled Firms (N = 62 firms, 180 firm-year observations)*

Descriptive statistics for important research variables are presented before log-transformation and winsorization in Table 2. The amount of sponsorship investments ranged widely from over $1 million investment per company to over $180 million investment per year by a company with a sponsorship portfolio. The variety is indicative that the sample has been carefully selected to focus on both the flagship and mid-market global sponsors.

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Variable	Mean	SD	Min	Max	Skewness
Sponsorship Investment (US$m)	24.6	31.8	1.0	182.4	2.14
Brand value (US$m)	3,142	4,015	112	24,860	2.31
Brand Value Index (0-100)	64.8	14.6	22.0	97.5	-0.18
ROA (%)	6.9	4.8	-3.2	22.1	0.62
ROE (%)	13.4	8.9	-6.5	38.7	0.55
Tobin's Q	1.83	0.71	0.74	4.12	0.94
Congruence Index (1-7)	4.9	1.3	1.8	7.0	-0.32
Sponsorship Duration (yrs)	5.4	3.6	1	18	1.21

Table 2. *Descriptive Statistics of Key Study variables (Firm-Year Level, N = 180)*

Bivariate Pearson correlations between the primary continuous variables are shown in Table 3.It shows that brand value (and therefore the three financial success measures) are strongly positively correlated with the investment of the sponsors. This is a preliminary test for the proposed sequential relationships before performing multivariate testing.

Variable	1	2	3	4	5	6
1. Sponsorship Investment (In)	-					
Brand Value (In)	.54	-				
3. ROA	.21	.38	-			
4. ROE	.24	.41	.71	-		
5. Tobin's Q	.29	.46	.58	.62	-	
6. Congruence Index	.18	.33	.14	.16	.22	-

Table 3. *Bivariate Correlation Matrix of Principal Study Variables*

Note. Correlations are based on pooled data before fixed effects adjustment and $p < .05$, $p < .01$. $n = 180$ firm year observations.

8.2 Hypothesis Testing: Sponsorship Investment and Brand Value (H1)

The results of a fixed effects panel regression analysis that looks at how sponsorship investment and control variables affect log-transformed brand value are shown in table 4. The results

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provide support for Hypothesis 1 as sponsorship investment is a strong positive predictor of the brand value (β = .58, SE = .07, p < .001). Another factor that was found to be a significant positive predictor of brand value was firm size and advertising intensity of the industry the firm belonged to, but firm age and leverage were found to have no significant association with the brand value when firm and year fixed effects were considered.

Predictor	β	SE	t	P
Sponsorship Investment (In)	.58	.07	8.29	<.001
Firm Size (In total assets)	.22	.08	2.75	.006
Firm Age	.04	.06	0.67	.504
Leverage (Debt/Assets)	-.07	.09	-0.78	.436
Industry Advertising Intensity	.19.19	.08	2.38	.018
Model R^2 (within)	.41			
F-statistic	22.86			

Table 4. *Fixed-Effects panel Regression Predicting Brand Value (In) From Sponsorship Investment*

8.3 Hypothesis Testing: Brand Value and Financial Performance (H2)

Table 5 presents the results of three parallel fixed-effects regressions looking at the relationship between financial performance measures [ROA (Return on Assets), ROE (Return on Equity) and Tobin's Q] and brand value. The findings demonstrate that the brand value is a significant positive factor for all three measures with the highest correlation with Tobin's Q (β = .46, p < .001), followed by ROE (β = .41, p < 0.001) and ROA (β = .35, p < .001). This indicates that capital markets tend to assign a greater value to brand strength than the traditional accounting measures of profitability. This supports Hypothesis 2.

Predictor	ROA (β)	p	ROE (β)	p	Tobin's Q (β)
Brand Value (In)	.35	<.001	.41	< .001	.46
Firm Size (In)	.11	.09	.08	.21	.14
Leverage	-.24	.003	-.18	.02	-.12
Firm Age	.02	.71	-.01	.85	.05
Model R^2(within)	.29		.33		.37

Table 5. *Fixed-Effects Panel Regressions Predicting Financial Performance from Brand value*

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8.4 Mediation Analysis (H3)

Brand value strongly-mediated the relationship between sponsorship investment and composite financial outcomes with a mediation effect of 0.24 (95% CI [.17,.32]) and was created by bootstrapped mediation analysis based on 5,000 resamples. Even through that figure dropped to 0.19 (p =.014), which indicated a certain mediation effect, the role of the direct effect of the direct effect of the investment of the sponsor on the success of the company was still significant. A significant effect of the sponsorship investment on financial performance was found (0.35, p <.001) with nearly 68% of this indirect.

Path	Coefficient	SE	95% Bootstrap CI
a: Sponsorship → Brand Value	.58	.07	[.45, .71]
b: Brand Value → Fin. Performance	.41	.06	[.30, .52]
c: Total Effect	.35	.08	[.20, .49]
c': Direct Effect	.19	.08	[.04, .34]
Indirect Effect	.24	.04	[.17, .32]
Proportion Mediated	68.1%	-	-

Table 6. *Bootstrapped Mediation Analysis: Sponsorship Investment → Brand Value → Financial Performance*

8.5 Moderation and Sponsorship-Type Comparison (H4)

According to interaction models, brand-sponsorship congruence (β =.16, p =.011) and sponsorship length (β =.13, p =.29) have a significant impact on the link between sponsorship investment and brand value. Higher congruence and longer sponsorship periods provide a greater boost for the positive impact of investment on brand value, which supports Hypothesis 4. Simple slope analysis showed that the slope of the relationship between sponsorship as a construct and brand value at high congruence (+1 SD) was nearly double that of low congruence (- 1 SD).

Sponsorship Type	n	3-yr Brand Value Growth	Mean Congruence	Mean ROA Change (pts)
Athlete Endorsement	34	17.6%	5.6	+1.9
Jersey/Kit Sponsorship	46	14.2%	5.1	+1.4
Event Title Sponsorship	29	11.3%	4.8	+1.1

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Stadium Naming Rights	33	9.8%	4.2	+0.8
Team/League Partnership	38	8.4%	4.5	+0.6

Table 7. *Comparative Brand Value and Financial Outcomes by Sponsorship Type*

The conceptual model for analysis is presented in Figure 1 in which financial success is one of the outcomes, brand value is one of the mediating strategic resources and sponsorship investment is one of the exogenous predictors. Additionally, it finds length and congruence as moderators affecting the association between brand value and sponsorship.

8. In the mediation study, bootstrapped confidence intervals (based on 5,000 resamples) were used for all indirect-effect estimates. This strategy is in line with current guidelines for dealing with non-normal sample distribution.

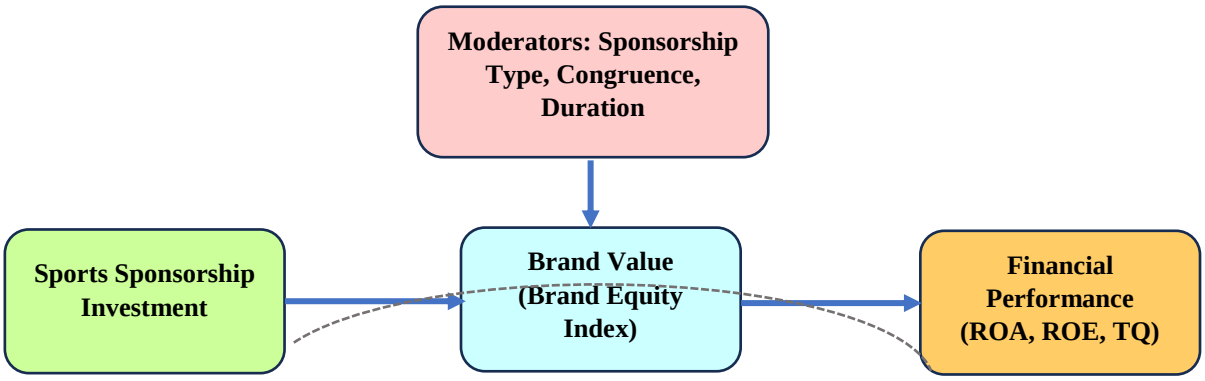


Figure 1. *Conceptual Framework of the sponsorship-Brand Value-Performance Relationship*

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The overall trend in sponsorship spending by the businesses identified over 10 years is shown in Figure 2, which suggests a decrease in sponsorship spending in 2019-2020 due to the disruption of broadcast and cancellation of events, and a steady recovery and growth in sponsorship spending expected through 2024.

Figure 2. *Aggregate Sports Sponsorship Expenditure of Sampled Firms (2015-2024)*

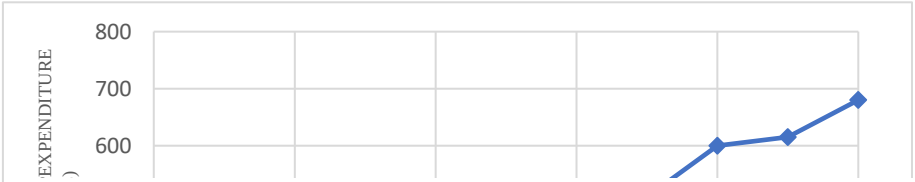
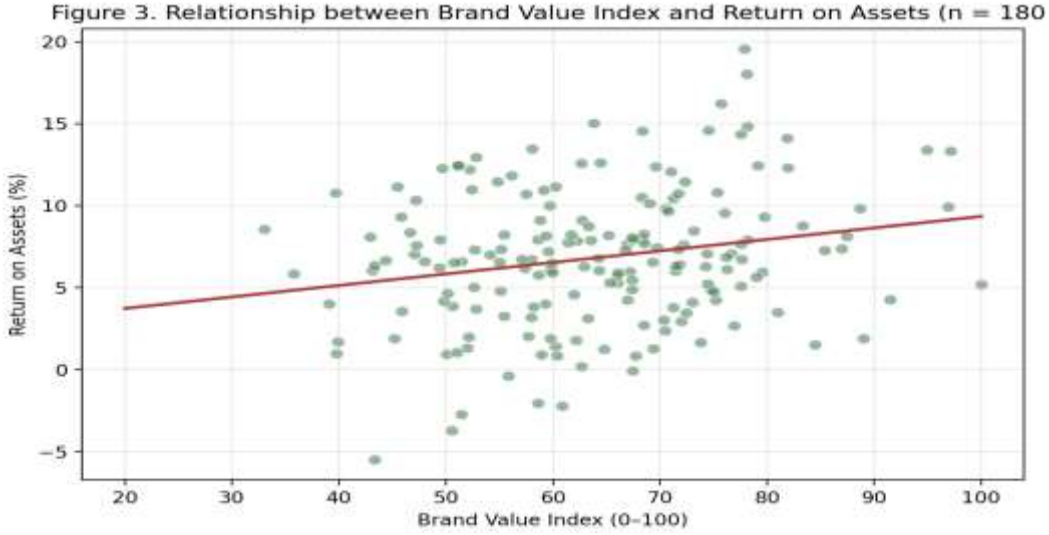
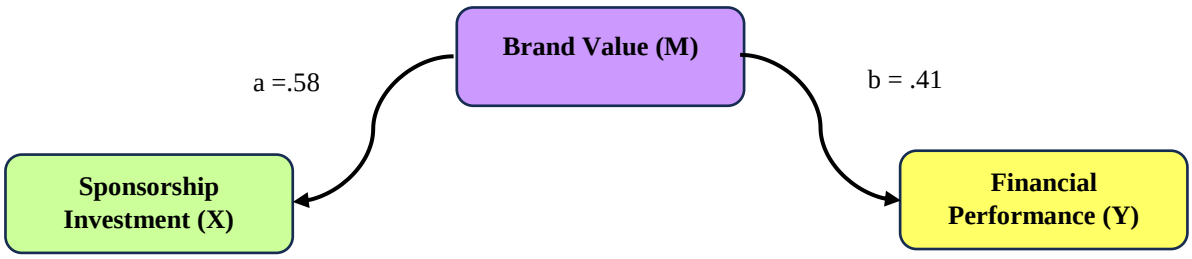


Figure 3. Relationship between Brand Value Index and Return on Assets (n = 180



The fitted linear trend line derived from the previous regression results is consistent with the positive trend between the normalized Brand Value Index and the return on assets in the pooled firm-year data set as indicated in Figure 3.

Estimated path coefficients in the partial mediation pattern are summarized in Table 6, and are illustrated in Figure 4.



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c = .19

Figure 4. *Mediation Model: Brand Value as Mediator*

As compared to other types of sponsorship, athlete endorsement has significantly higher mean brand value increase over three years, as demonstrated in Figure 5.

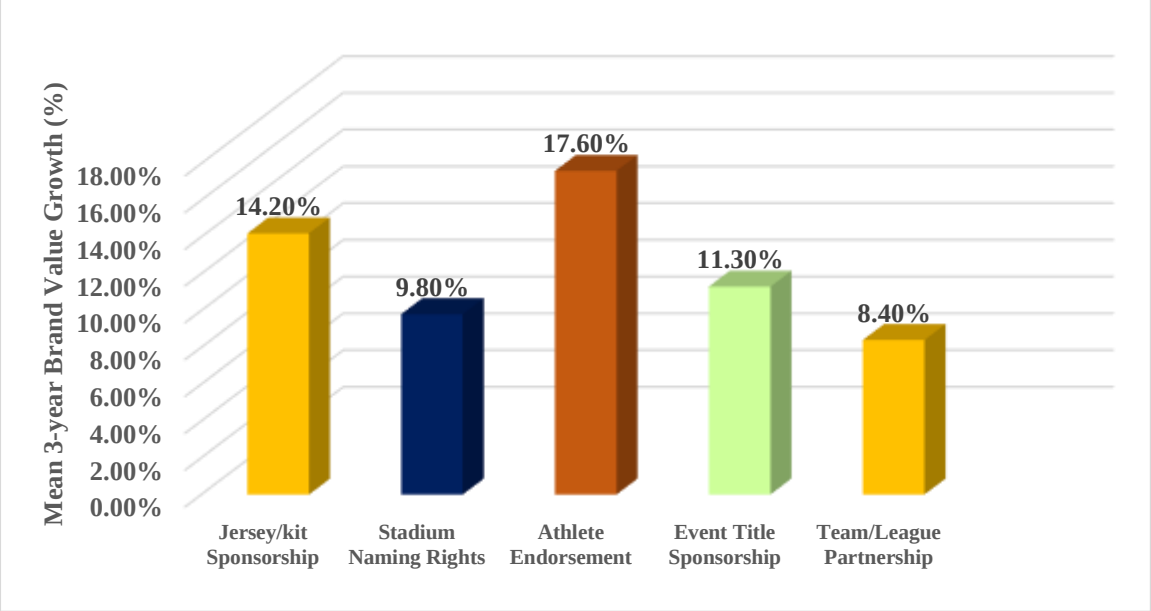


Figure 5. *Brand Value Growth by Sponsorship Type*

The results in Tables 1-7 and Figures 1-5 substantiate the four assumptions of the study. First, it indicates that the accumulation of brand value can be precisely estimated from sponsorship investments. Second, it has been shown that brand value can predict financial success, both from the market and accounting perspectives. Thirdly, brand value is also a mediator in the connection between sponsorship and performance but it is not the only one. Finally, the congruence and length of the initial relationship between sponsorship and brand value is significantly influenced by strategic decisions regarding these. Importantly, results are robust across a variety of measures of sponsorship intensity, and hold across different measures of financial success.

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9. Discussion

It's crucial to comprehend the overall findings in light of the study's goal before evaluating specific hypotheses. The four objectives of the study were: (1) to qualify the relationship between sponsorship and brand value, (2) to evaluate brand value as a mediator between sponsorship and its outcomes, (3) to compare different types of sponsorship, and (4) to examine congruence and length as moderating factors between sponsorship and brand value. All objectives had empirical support: sponsorship investment was positively correlated with brand value growth, brand value was correlated with financial performance on all measures, the mediation pathway was supported with a significant portion of the overall effect coming from brand value, and both moderators had the expected effect. With a single panel data set and a common estimating approach, the convergence over four independently testable objectives enhances the probability that the pattern of results is a genuine economic relationship, rather than reflecting a particular modelling decision.

9.1 Principal Findings

The study took the brand value as a mediational variable to study the effect of sports sponsorship expenditure on business financial performance. The results remain consistent when controlling for the effect of business size, age of the company, leverage, and the extent of advertising by other brands in the same industry, as well as for the effect of firm and year fixed effects, indicating that the effects of sponsorship on brand building from the attitudinal and awareness studies were not just psychological in nature, but also measurable, quantitative in terms of brand value and thus measurable on financial accounts.

The results of the mediation indicate that although the direct effect of sponsorship is still significant, approximately two-thirds of the effect of sponsorship spending on financial success is indirect via brand value. This implies that one important-though not the only-way for sponsorship to generate revenue is through brand value. In addition to the brand impression impact, sponsorship can influence a variety of other factors that may also drive the sales activation component such as distributor relationships, employee morale and more.

The moderating results show that rather than being consistent, the link between sponsorship and brand value is impacted by strategic design decisions. Elements such as congruence and length of sponsorship also play a key role in the relationship and athlete endorsements are the most effective form of endorsement to raise brand value. Unlike stadium naming or team sponsorship, this effectiveness can be achieved at lower financial costs, and may point to a key

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managerial strategy – not just size – for the effectiveness of brand-building through sponsorship.

The Findings are at variance with previous work, particularly cross-sectional studies which have yielded mixed results in term of the relationship between the profitability of the corporate and the amount of sponsorship expenditure. These previous studies had limitations because of the 12-month snapshots, which may have been susceptible to timing of investment returns and the timing of financial returns. In contrast, the longitudinal design adopted in the current study, as a delayed data and multi-year panel, helps to understand the process of brand value accumulation, which take place over the long term and is affected by other factors such as length and congruence. This strategy probably accounts for the study's favourable findings in contrast to the conflicting results of previous analyses.

9.2 Comparison with Previous Studies

The findings indicate that the value of the expected information that is extracted from the market reaction is at least partially realized in accounting and market performance within subsequent years. Event studies are typically conducted at a specific point in time, whereas this longitudinal study highlights that investor expectations are related to real, ongoing shifts in brand value and not just temporary fluctuations in the market. These results corroborate and build on previous event-study studies that have found positive abnormal stock returns around the announcement of a sporting event sponsorship.

The difference between market – oriented and accounting-oriented recognition of brand equity has been noted in the general brand-equity literature, and is taken forward to the case of brand value created through sponsoring in this research. As previous studies have suggested, the study indicates that capital markets provide better estimates of the Tobin's Q than do ROA or ROE, because the former predicts capital market values of brands better than the latter, which tend to ignore brand value generated by the firm.

The research shows that athlete endorsements deliver greater brand value returns on investment than other sponsorship tactics such as naming rights on stadiums and championship sponsorships, which are often associated with media exposure. This difference can be attributed to the fact that, when compared with a broader exposure in stadiums or leagues, player endorsements can offer a more focused and meaningful connection when they are aligned with the sponsor, as congruence-based thinking outlined in the literature review suggests.

9.3 Mechanistic Insights

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Results shed light on mechanisms involved and validate a sponsorship-brand value-performance route. Importantly, meaning-transfer theories are favoured over exposure alone models of sponsorship effectiveness in the function of congruence. If value from sponsorships was only due to exposure and repetition, then congruence would be worthless: however, evidence demonstrates that congruence is effective at increasing brand value at lower cost per dollar. This means that the consumer has to perceive a connection between the sponsor and the product as both authentic and meaningful to have associative learning to take place.

The positive relationship between length of sponsorship and building a brand is mentioned in the book, and how longer relationships foster cumulative learning and growth in the relationship is explored. The repeated exposure via multi-year events builds consumer associations, so that the sponsors not only use signage, but can refine their activation strategies over time. The results indicate that, although the total amount of investment remains constant, long-term or single-event sponsorships generally yield better outcomes than sustained partnerships, with important implications for management.

Lastly, even though brand value is an important mechanism, the observed partial mediation pattern shows that it does not completely explain the relationship between sponsorship and financial success. Another channel, that is consistent with signalling theory, may be the direct impact of visible commitment of the lender and investor, rather than the consumer's brand perceptions. There may also be potential internal benefits such as the benefits of high-profile sponsorships for recruiting and staff engagement. Future study should include investment sentiment measures and internal organizational results to gain a better understanding of this residual direct effect.

Overall, the above mechanistic factors indicate that the financial benefits of sponsorship should be viewed as a result of investments rather than a cost. Instead, they are a consequence of various contingent considerations, including how well the language fits with a successful transfer of meaning, the time it takes for associations to become established and activation strategies to be developed, and the organizational work necessary to make the brand-level changes reflected in measurable metrics for reporting to the financial statements, such as pricing power, customer loyalty, investor trust, and so on. From this point of view, businesses need to rethink their approach to sponsorship governance and do away with assessments that are purely in terms of media-value equivalency. Rather, businesses have to implement multi-year frameworks that take into account both traditional reach measurements and brand equity indicators.

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There were also significant sectoral differences in assessing the brand value impact of sponsorship. When the other factors affecting the equation of brand value and sponsorship were accounted for, the strongest correlations for sponsorship and brand value were found for apparel and telecommunications companies, with automobile companies at the bottom. For companies that rely on consumers to drive sales, such as those in the consumer goods sector, this relationship could work in their favour in the short term in terms of brand image, as compared to the automotive sector, which is known to make fewer emotional purchases. To help clarify if these differences reflect constant structural features in the industry or affect the specific sponsorship attributes and time period analysed in this study, future studies are suggested to include sector as a moderator variable in their analyses rather than simply a control variable.

10. Conclusion

Significant longitudinal data from this study shows that investing in sports sponsorship has a beneficial financial impact on businesses, mostly through its impact on brand value. The study reveals that the investment of sponsorship is one of the best predictors of brand value growth and therefore the financial dimensions such as Tobin's Q, ROE and ROA are influenced. Formal mediation research indicates that about 2/3 of the overall impact of sponsorship on financial success is due to brand value. The longevity and congruence of the sponsorship are important aspects that strengthen this link, and among the several sponsorship forms examined, athlete endorsements produce the best returns in brand value.

The findings recommended executives in marketing and finance to consider sponsorships an investment in intangible assets as opposed to simply a promotional cost. It shows that not all sponsorship spend is created equal and the return on that investment is significantly higher when the investment is matched to the sponsoring brand and when it is a long-term investment. Results emphasize the financial relevance of developing a proper strategy and image alignment in reaching potential sport IP owners. Such well-balanced partnerships should enable sponsors to gain from these partnerships and enable sustainable and long-term partnerships for the sports organisations involved.

One of the study's recognised limitations is the use of a selective disclosure sample frame which may not be appropriate for smaller, or privately owned, businesses. When applying a single brand valuation method, there are assumptions that need to be made in the measurement process. Future research is recommended to broaden the scope to other countries, such as the outcomes achieved by the employees, and the views of investor since the period of observation in this study, as well as to explore the emerging forms of digital and esports sponsorship.

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The present findings and limitations can be expanded upon in a number of ways by future study. First, primary survey or investor-sentiment data, as used in this work, could be combined with the archival panel data used in this study to investigate directly the signalling and meaning-transfer processes described in section 9.3. Second, if the brand-value mediation pathway found in traditional sports sponsorship were to be applied to the newer, often more measurable, forms of sponsorship in the digital and esports and creator economy after 2024, this would provide a test case for the challenge of extrapolating the traditional sports sponsorship brand-value mediation pathway to these newer forms. As the value-performance pathway of the sponsorship brand cannot be analysed within the framework of a single region (as used in the current study), cross-national replication is essential to assess the impact of maturity, media environment and regulatory disclosure on these factors. Future research should also focus on whether the benefits of the observations are equal or if negative events (such as a scandal of the athlete or a property dispute) have a different impact on brand value on the negative side than positive events (such as a successful sponsorship investment). This investigation has implications for risk management for corporate sponsors.

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