

# New Era Sport Sponsorship in Turkey

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**Abstract** The aim of this paper was to define and focus on Sport Sponsorship in Turkey according to financial issues. Sport sponsorship was very weak in Turkish sport area before 2004. By the time, The Turkish Government has decided to legislate a special law for supporting "SPORT" and they have regulated some of the financial laws based on 1986 General Directorate of Youth and Sport (GDYS) Law. The new law has started a very efficient age for Turkish sport. On the other hand the new "Autonomous Sport Federation" law had been published in the same time. However that was not real autonomy for the federations. The rules which called "Frame Status for Autonomous Sport Federations" gave some limitations and restrictions to the federations like regulations, financial situations or administrative models. Only football federation has a different situation and has got own special law which was published in 1986. Although football federation and the football clubs could have benefits from the new sport sponsorship law, the rule says that professional sport clubs can show only the %50 of the sponsorship amount as a tax relief. According to the Turkish laws football is the only professional sport branch in Turkey.

**Keywords:** *sport sponsorship, sport, Turkey, sports law*

## 1. Introduction

There have been few books and articles on sports sponsorship in Turkey. According to Yang, Sparks and Li (2008) most research [4,6,8,10,12] has focused on markets in North America, Europe, Australia and to some extent Japan, all highly developed capitalist countries. Therefore their hypothesis is mainstream sponsorship theories and frameworks are built on the foundation of a highly commercialized market and related systems of social and cultural values. I agree with his idea and like China, Turkey with its unique history and cultural background, provide a very different market for sports sponsorship.

The aim of this paper was to define changes and focus on Sport Sponsorship in Turkey according to financial issues. Turkey has very unique sport sponsorship law compare to other developed countries.

The opening scenario is just one example of a company using sponsorship to help achieve its marketing objective. A wide variety of organizations are realizing that sports sponsorships are a valuable way to reach new markets and retain an existing customer base [20].

Sponsorship or the acquisition of rights to affiliate or directly associate with a product or event for the purpose of deriving benefits related to that affiliation is not a recent phenomenon [11]. Sponsorship has been defined in the literature as an Exchange between a sponsor and a sponsored entity (also called a 'property'), whereby the sponsor invests in cash and/or in kind in a property in order to secure the rights to exploit the commercial potential derived from its association with that property [17].

Sponsorship has become commonplace in sports. Most definitions incorporate the concept of an exchange of value between the sponsor and the sport property. Commonly, sponsors are referred to as "partners." In each case, the nature of the relationship is one in which a company with assets valuable to the sport property contracts to provide monetary support, equipment, technology, or a host of services in exchange for a commercial advantage. The sponsorship of professional sport goes further than commercial agreements between clubs and leagues (9). Some big international companies own and run retail stores. They also provide sponsorship money for many sporting events or clubs [15]. There are companies who became an icon within the sport industries as a big sponsor of the sport.

It is no wonder that sponsorships became the promotional tool of choice for marketers in the 1990s [20]. When one considers that corporate sponsorship has grown from \$2.3 billion in 1989 to \$9.6 billion in 1993 [13,16], according to Sport Business Associates \$33.6 billion in 2006, it becomes evident that sponsorship is now a legitimate marketing vehicle. In recent years, the worldwide sponsorship market has maintained its rapid and consistent growth as the number of transactions and the value of sponsorship have significantly increased [3]. According to Cameron (2009), the worldwide sponsorship market in 2007 is estimated to be over \$37.7 billion. The value of sponsorship differs between sports, between leagues, between clubs and across countries [9].

Sponsorship funding has recently become one of the most important and widely used tools of humanitarian and social events, sports and the arts. It is the provision of resources (e.g., money, people, equipment) by an organization (the sponsor) directly to an individual, authority or organization (the sponsored) that enables the

latter to pursue some activity in return for benefits contemplated in terms of the sponsor's promotion strategy, and which can be expressed in terms of its corporate, marketing or media objectives [18].

Sponsorship became most effective way to get their consumer attention for the companies. On the other hand it is very effective way to get monetary support for the clubs, federations, and events and also for the government. The growing popularity of sponsorship and the corresponding rise in sponsorship fees increases the pressure on marketing researchers to more closely examine this communication vehicle [13].

Corporate sponsorship has become the world's fastest-improving and growing promotional activity in last 20 years. Main reason for this change is society, media and target markets' point of views changes for the sponsorship activities. Any promotional activities don't seem good like sponsorship (Ferreira et al, 2008). One of the aspects of sponsorship that has attracted sport related companies has been its ability to reach consumers by breaking through the clutter in advertising. Marketing managers have used sponsorship as an avenue to present their message to consumer in a more relaxed atmosphere and to support their other marketing efforts. Sport events are also attractive because they can provide a cross-sectional exposure when compared to other marketing avenues available to the sport marketer [16].

In sport marketing there are many promotional activities but sports sponsorship benefits for the sponsor company to gain identity in society, to help increase sales, improve company's image, to capture the tax advantage [1]. For this reason many companies begun to use sport sponsorship in recent decades.

Media attention is another important factor in selecting an event to sponsor for companies. Good events have the potential to generate considerable media coverage. This type of message can be particularly effective because consumers typically see this in a different light than they see traditional advertising. Another related facet of media coverage and sponsorship is that if an event has a media sponsor, you can often obtain discounted or free coverage by tagging their promotional messages [16].

Several factors contributed to the growth of sport sponsorship in the late 1970s and have continued to support this growth in the 1990s in the world [14]. But reflection of this growth for Turkey was little bit late according to some European countries.

Sport sponsorship was so weak economically and in term of application, before 2004 in Turkey. Turkish government decided to create a special law for sport sponsorship in 2004 and changed the existing law which was published in 1986. Government added to the new law some special conditions like tax relief for the sponsors. This rule includes 100% of tax relief for amateur sport, 50% for professional sport. This was a little bit make up for the existing rules which created in 1986. Government make it clear to understand and added "sponsorship" term into the law. That was a really good change and succeeds in a short period.

The new sponsorship law gives opportunity to the companies to get some tax relief and they can account %100 or %50 of the sponsorship amount on the expenditure items. That was a make up for the law and this change was effective yet only on the amount of

sponsorship in a rapid way. Today, sport sponsorship has become a very big segment in the sport industry as a fair number of major sporting events heavily rely on revenues from sponsorship agreements.

## 2. Method

This is the analysis of Turkish Sport Sponsorship Law. Document analysis and interview methods were used as qualitative research method. Data obtained from Sponsorship Department of General Directorate of Sport, Ministry of Youth and Sport. Some data from the department was really hard to get but researcher also worked as a sport expert in the same department before. This feature gave advantage to him to get some data which is confidential. Also his relationship between sponsorship department and football federation staff was effective to get the data. Therefore data is very important and valuable for this paper. Data were expressed as percentage and quantity distribution figures. Some figures expressed by years, some expressed by total amount.

## 3. Findings

We express football and other federations' findings in separate figures. As you can see from [Figure 1](#), amount of sponsorship was €250.000 by 2003. But after 2004 (the years of publishing the law) amount rises €1.8 million. By continuing to rise each year it's reached to almost €30 million by 2010. Football federation sponsorship situation was different from other many federations. The law gives some special advantages for amateur sport federations but for football it wasn't advantages. On the other hand football is most popular sport in Turkey.

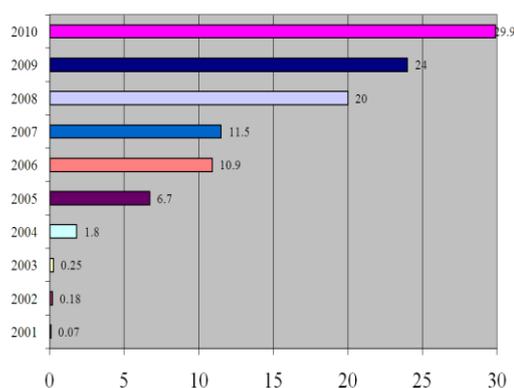


Figure 1. Annual Distribution of Sponsorship

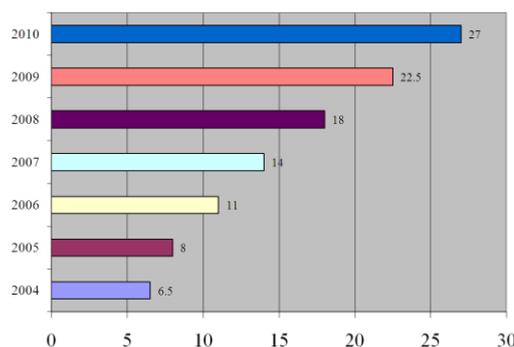


Figure 2. Annual Distribution of Sponsorship of Football

Increase over 300% after a new law publication by 2004. But if we compare this amount with other countries Turkey has 5<sup>th</sup> rank after England (€72), France (€65), Germany (€48) and Spain (€40).

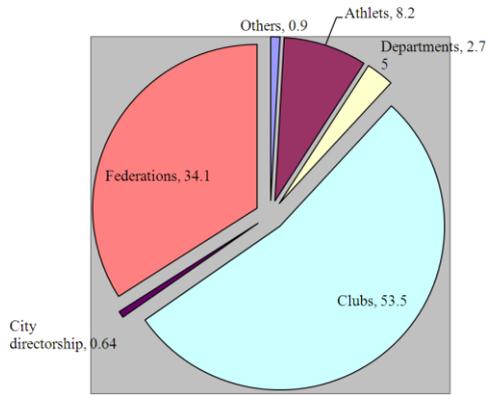


Figure 3. Sponsorship Distribution according to Units

Figure 3 shows percentages of sponsorship distribution according to units. €75 million total amount 2001 to 2011. By the percentages sport clubs gets higher by €40 million.

Football and basketball federation gets higher amount of sponsorship. But football (€70) more than 3 times to basketball (€20). Other important federations, who get valuable sponsorship, are volleyball, motorsport and chess federations. Most of the federations get sponsorship recently, because they founded in last 5 years and they carry their work with governmental support. On the other hand government supports all the federations except football federation, because football federation is only professional federation in Turkey according to law.

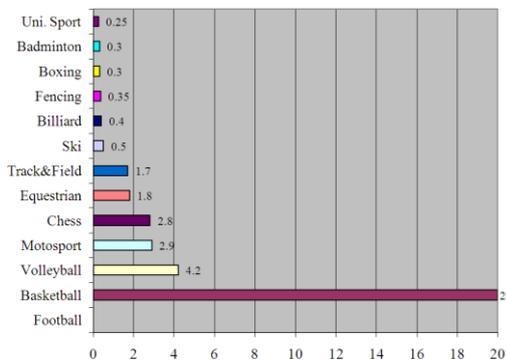


Figure 4. Sponsorship Distribution according to Federations

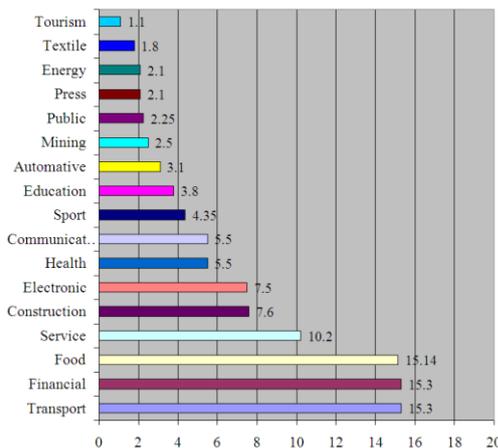


Figure 5. Sponsorship Distribution according to Sectors

Sponsorship distribution according to sectors between the years of 2004 to 2010 first 3 sectors are transport (€15.3 million), financial (€15.3 million) and food €15.1 million). All sector financial contribution is approximately €104 million.

## 4. Results and Discussion

Sport sponsorship is very different issue in sport marketing. In some cases it's a marketing tool for the companies, but for the governments it is financial revenue sometimes.

Most research [4,6,8,10,12] has focused on markets in North America, Europe, Australia and to some extent Japan, all highly developed capitalist countries [21]. But some developing countries like Turkey are focusing on financial and social responsibilities part.

As I mentioned before, sport sponsorship was so week economically and in term of application, before 2004 in Turkey. In that time government decided to create a new law. But that was not a real creation. The new law was effectively marked the beginning of an era for Turkish sport. On the other hand "Autonomous Federation" law published in the same time, this was supportive move for the sponsorship law and its improved sport organizations sponsorship amount. However, football federation structure does not comply with the new autonomous federation law. Football separated from the other federations and General Directorate of Youth and Sport (GDYS) with a special law published in 1986. Now we can say that football federation only autonomous federation in Turkey, because other federations still gets financially support and they need to manage them self according to GDYS frame regulations.

After 2004 many thing changed about sport sponsorship, especially perception of sport marketing and advantages of sponsorship. Sponsorship department made very good publicity work on the new law. They made seminars, congress, advertisements and consultant services for the clubs. Another reason for increasing sponsorship after a new law was globalization effort of the companies to reach their consumers via sport. Companies who think that sponsorship is the best promotion tool have been sponsored to various clubs as a strategic decision. Turkish Airlines is the very good example for this case. They are sponsors of Barcelona, Real Madrid football teams, 2010 world basketball championship, and EURO League basketball organization.

On the other hand GDYS has started organized announcements since 2005 to get commercials, sport federations, clubs and the athletes' information about the law. They organized forums, seminars, conferences and advertisements via media. Also some companies, who consider globally, recognized to use this opportunity on their branding process. Some global companies who want to join Turkish market have used this opportunity with maximum profit and advantage.

As a result, the new law has changed perception and recognition of sponsorship in Turkey. A new ERA started for the sport sponsorship. After the new law, number and amount sport sponsorship increased each year. However, when we think about sport economy budget in Turkey, it is still needs to rise up. Federations and clubs need to

work with professional managers who know marketing and sponsorship. They need to sign agreement with the companies who know sponsorship as a marketing tool. Maybe they need to get some consulting services from professional company or person.

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