An Examination of the Potential for Expansion of Outsourced Marketing into NCAA Division I-AA

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ABSTRACT
KRISTIAN M. GRAVES: An Examination of the Potential for Expansion of Outsourced Marketing into NCAA Division I-AA
(Under the Direction of Barbara J. Osborne, J.D.)

The purpose of this study was to examine the potential for expansion of outsourced marketing into NCAA Division I-AA. Forty-three Division I-AA marketing directors or athletic directors participated for a response rate of 37.1%. Collected data indicated a significant difference between current corporate sponsorship revenue and guaranteed income required to outsource. The greatest inhibiting factor to increasing corporate sponsorship revenue at Division I-AA was a lack of staff. According to respondents available inventory to sell was large and diverse. There was not a significant correlation between number of inventory items and either current corporate sponsorship revenue or guaranteed income required to outsource. Corporate sponsorship as a percentage of total revenue was found to be significantly greater at Division I-A than Division I-AA. The main concern with outsourcing was a lack of institutional control. Despite this concern, responses overall indicated a potential for expanding outsourced marketing in NCAA Division I-AA

TABLE OF CONTENTS

LIST OF TABLES

Table

CHAPTER 1

INTRODUCTION:

When examining NCAA finances the focus is squarely on Division I-A as member institutions' spending increases exponentially and members fail to meet the NCAA charge of self-sufficiency. From 1995 to 2006 average total revenues at the Division I-A level have increased from $15,500,000 to $35,400,000 while expenses have increased from $14,300,000 to $35,800,000. While revenues have increased, expenses have increased as well, leading to a decrease in net revenues from $1,200,000 in 1995 to a net loss of $400,000 in 2006 (Revenues and Expenses of Division I and II Intercollegiate Athletics Programs, 2007).

While this is a disturbing trend at the Division I-A level, often overlooked are the unique financial burdens found at the Division I-AA level of NCAA sport sponsorship. Division I-AA institutions are not expected to be self-sufficient as a result of their reduced revenues when compared with Division I-A. Despite this fact, finances at the Division I-AA level are witnessing increasing net revenue disparities similar to Division I-A. Revenues at the Division I-AA level have increased from $4,010,000 in 1995 to $9,600,000 in 2006. During the same time period expenses have increased from $4,480,000 to $9,485,000. Although this looks like Division I-AA schools on average still make a profit, removing institutional support from the revenue results in an increased loss from $1,670,000 in 1995 to $3,700,000 in 2006. The more than doubling of institutional support of athletic departments at the Division I-AA level creates a

tremendous strain on the member institutions as a whole (Revenues and Expenses of Division I and II Intercollegiate Athletics Programs, 2007).

One avenue for revenue expansion at the Division I-A level has been through outsourced marketing. Outsourced marketing relationships transfer the sales responsibility of radio and television commercials, stadium signage, game promotions, print advertising, and other athletic department inventory from the athletic department to an independent marketing firm. These relationships consist of the outsourced marketing firm guaranteeing an institution's athletic department an annual revenue while retaining a percentage of sales beyond the guarantee level. This is beneficial for an athletic department as it guarantees an annual income without increasing staffing expenses. The first collegiate sports outsourced marketing relationship was established between the University of Kentucky and Host Communications in 1974 (Johnson, February 21-27, 2005). Outsourced marketing relationships at the Division I-A level increased exponentially in the late nineties. This corresponds with the dramatic revenue increases at the Division I-A level during the same time period. As of 2002-2003 corporate sponsorships and media rights represent approximately ten percent of total revenue at the Division I-A level, while at the Division I-AA level corporate sponsorships and media rights represent approximately two percent of total revenue. Due to the lower overall revenues at the Division I-AA level, compared to Division I-A, it would not take a significant dollar increase in corporate sponsorship and media rights to raise the total as a percentage of overall revenues to the ten percent level found at Division I-A (Revenues and Expenses of Division I and II Intercollegiate Athletics Programs, 2007).

Currently 82 out of 119 Division I-A colleges and universities have contracts with one of the six major outsource marketing firms: Host Communications, Learfield Communications, Action Sports Media, Nelligan Sports Marketing, ISP Sports Properties, and Viacom Sports. At the Division I-AA level only ten out of 116 colleges and universities have contracts with one of the six major outsourced marketing firms. As the numbers indicate, the number of possible new relationships at the Division I-A level is dwindling. These figures also show that the Division I-AA level has been ignored for the most part by outsourced marketing firms. In an effort to continue to grow business, outsourced marketing firms may turn to Division I-AA colleges and universities. This will largely depend on corporate sponsors realizing value in athletic sponsorships at the Division I-AA level as well as the athletic department's willingness to cede some control over marketing.

Purpose:

The purpose of this study is to examine the potential for expansion of outsourced marketing into NCAA Division I-AA.

Research Questions:

1. What is the current monetary level of corporate sponsorship at Division I-AA?
2. What factors inhibit, and to what level do they inhibit, securing more corporate sponsorship revenue at Division I-AA?
3. What inventory is available at Division I-AA?
4. What monetary level of guaranteed income is required to outsource at Division I-AA?
5. Is there a relationship between the number of inventory items available and the current monetary level of corporate sponsorship at Division I-AA?

6. Is there a relationship between the number of inventory items available and the required monetary level of guaranteed income to outsource at Division I-AA?

7. Does the current monetary level of corporate sponsorship at Division I-AA differ from the guaranteed income required to outsource at Division I-AA?

8. Does required income as a percentage of total revenue at Division I-AA differ from actual income as a percentage of total revenue at Division I-A?

9. What are the institutional questions or concerns regarding outsourced marketing at Division I-AA?

Definition of Terms

- NCAA – National Collegiate Athletic Association – the governing body of intercollegiate athletics.
- Corporate Sponsorship – A company spending money to purchase an inventory item offered by either the outsource marketing firm, college or university
- Guaranteed Income – The amount in dollars an outsource marketing firm contracts to pay the college or university annually
- Required Income – The amount in dollars a college or university must receive in the form of guaranteed income to contract with an outsource marketing firm
- Actual Income – The current dollar amount received by Division I-A institutions for corporate sponsorship according to the Fulks Report
- Division I-A – Football Bowl Subdivision. Generally more elaborate football programs. Requires Specific attendance to be and remain a member. Competes at the highest level of NCAA sports sponsorship in all other sports.
- Division I-AA – Football Championship Subdivision. Less elaborate football programs. Does not require specific attendance numbers. Competes at the highest level of NCAA sports sponsorship in all other sports.

- Inventory – The items available for sale to sponsors such as radio commercials, print media, venue signage, internet advertising, etc.
- Outsourced marketing firm – firm, independent of the athletic department, take sales responsibility of radio and television commercials, stadium signage, game promotions, print advertising, and other athletic department inventory.

Limitations

- There is little basis for valuing possible outsourced marketing relationships at Division I-AA

Delimitations

- This study will be limited to only Division I-AA colleges and universities.
- This study will be limited to only the six major outsourced marketing firms, Host Communications, Learfield Communications, Action Sports Media, ISP Sports Properties, Nelligan Sports Marketing, and Viacom Sports.

Assumptions

- Respondents answered questions accurately to the best of their abilities.
- The surveys returned will be powerful and representative of Division I-AA as a whole

Significance of the Study

The study will be of significance on two levels. For colleges and universities at the Division I-AA level, the study will determine whether outsourced marketing is a possible revenue stream in the future. The study will also provide outsourced marketing

firms insight into new markets. As there are fewer and fewer unaffiliated Division I-A colleges and universities, outsourced marketing firms will seek other avenues to grow revenues. This study will assist the outsourced marketing firms in determining whether Division I-AA levels of sport sponsorship will support outsourced marketing. Providing this knowledge to both parties of outsourced marketing contracts will facilitate outsourced marketing firm's possible move into Division I-AA.

CHAPTER TWO

REVIEW OF LITERATURE

Introduction

There has been little examination of the feasibility of outsourced marketing at Division I-AA. However, there has been much research regarding the financial status of NCAA athletics, collegiate sport sponsorship, and outsourced marketing at the Division I-A level. Studies in these areas will provide the foundation for studying outsourced marketing at the Division I-AA level.

The distinction between Division I-A and Division I-AA is found in their respective football programs. The only stated difference is Division I-A requires an average annual football attendance of 15,000 where as Division I-AA has no attendance requirement. The NCAA does however note Division I-A schools "are usually fairly elaborate programs" when compared to Division I-AA. The difference in football attendance requirements provides insight into why corporate sponsorship revenue differs between Division I-A and Division I-AA (What's the difference between Divisions I, II, and III?, 2007)

NCAA Financials

Since 1994, Transylvania University professor David Fulks and the NCAA have completed a biannual study examining the financial state of NCAA I and II called the "Fulks Report". The most recent study was completed in 2006 with a survey sent to all NCAA member institutions. Nine hundred sixteen member institutions responded to

Fulks for a response rate of 89%. At the Division I-A level the median total revenue was $35.4M. The average revenue from radio and television was $1.1M representing 3% of total revenue. The average revenue from signage and sponsorship was $3.5M representing 10% of total revenue. At the Division I-AA level the median total revenue was $9.6M. The average revenue from radio and television was 0% of total revenue. The average revenue from signage and sponsorship was $280,000 representing 3% of total revenue.

The 2006 "Fulks Report" indicates the disparity between Division I-A and Division I-AA with regards to radio, television, signage, and sponsorship dollars as a percentage of total revenue. It is clear that Division I-AA will never produce the total revenues nor the revenues from radio, television, signage, and sponsorship that Division I-A does. Increasing revenues as a result of radio, television, signage, and sponsorship on average $595,000 would bring Division I-AA up to the level of Division I-A as a percentage of total revenues. It is difficult for Division I-AA members to increase revenues in these areas due to a lack of staffing. Contracting with outsourced marketing agencies would allow member institutions at the Division I-AA level to grow revenues in these areas.

Collegiate Sport Sponsorship

In 2003, Scott Wherley examined collegiate sport sponsorship in his article *Collegiate sport sponsorship: Matching institutional components with corporate desires*. The study was designed to determine whether there was a disconnect between college athletic departments and corporations when examining the perceived importance of certain components of sponsorship agreements. This is of significance as increasing

corporate sponsorship in college athletics means that college athletic departments have to match the desires of corporate sponsors. The study found that college athletic departments have only a mild grasp on the aspects important to corporations entering into a corporate sponsorship agreement. This is due in part to the relative inexperience of the staff of marketing departments in college athletics. Going forward it is suggested that when hiring staff for college athletic marketing departments that more experience and understanding of corporate sponsorships be requirements (Wherley, 2003).

This study highlights one of the major benefits of outsourced marketing. Outsourced marketing agencies sole responsibility is to sell corporate sponsorship. In-house marketing has responsibilities beyond corporate sales and as such is not able to develop the expertise in corporate sales. Outsourced marketing agencies singular focus allows for greater understanding of what makes a sponsorship valuable to corporations. In turn the outsourced agencies are better able to keep their corporate partners satisfied and increase corporate sponsorship revenue.

Cynthia Miyano conducted a similar study in 2002, *Corporate sponsorship in NCAA Division I athletics: A coorientational analysis*. Miyano (2002) found that a stronger understanding of corporations desires exists among college athletic marketing departments than did Wherley (2003). Miyano (2002) found that marketing departments generally had a good understanding of sponsor's motivation for sponsorship as well as the benefits of sponsorship. Despite the general agreement, discrepancies between marketing departments and corporations were found in two areas. First athletic departments, relative to corporations, tend to overvalue the benefits of donation

sponsorship. Additionally athletic departments, relative to corporations, undervalue the benefits of name recognition in sponsorship (Miyano, 2002).

While Miyano's findings differ slightly from Wherley's they still indicate areas in which athletic departments may not have a complete grasp on corporations' desires when entering into sponsorship agreements. Again, this indicates the value of the expertise of outsourced marketing firms.

Outsourced Marketing

Robert Zullo examined the level of satisfaction college athletic departments with outsourced marketing agencies in his study *A study of the level of satisfaction with outsourcing marketing groups at major Division I-A National Collegiate Athletic Association schools* (2000). In Zullo's study, surveys were sent to all 117 Division I-A institutions (2000). Respondents were asked to rate their satisfaction and identify their reasons for contracting with an outsourced marketing agency. Those institutions that did not contract with an outsourced agency were asked the reasons why not. The two main concerns for those athletic departments who did not contract with outsourced marketing agencies were "Poor Communication" and "Different Goals". The main reason indicated for those who did contract with outsourced marketing agencies was the desire for guaranteed income (Zullo, 2000).

The results of Zullo's study show that as of 2000 there were concerns regarding the working relationship between in-house and outsourced marketing agencies. Zullo's study occurred in the infancy of outsource marketing relationships and future research indicates that these concerns have been reduced. More importantly the study shows that the desire for a guaranteed revenue source is the driving force behind outsourced

marketing contracts. The guaranteed revenue would be especially beneficial at the Division I-AA level.

In 2002, Kyle Johnson followed up on Robert Zullo's research with his study *Multi Media Rights Analysis in Major College Athletics*. Johnson looked at the marketing strategies of Division I-A universities as they relate to their multi-media inventory. Johnson surveyed athletic departments from the Atlantic Coast Conference, Big East Conference, Big Ten Conference, Big Twelve Conference, Pac-Ten Conference, and Southeastern Conference regarding the marketing of their multi-media (2002).

The results of Johnson's study provide an in depth look at outsource marketing and multi-media rights in Division I-A. First and foremost, of the 38 responses, 29 (76.3%) contract an outside marketing firm to handle their multi-media rights. Johnson's survey goes on to reveal how long the responding universities have been using an outsourced marketing firm, how long their contract with the outsourced firm runs, average revenue received from the relationship, how revenue is split, what inventory is available for the outsource firms to sell, reasons for outsourcing multi-media rights, and the schools satisfaction with the outsource firm (2002).

A number of these results provide a framework for examining outsource marketing at Division I-AA. Two schools (5%) responded to Johnson's survey indicating they receive less than $750,000 annually in revenue from the outsource partner (2002). This indicates the possible willingness of outsource marketing firms to contract with lower revenue producing schools. Johnson (2002) found radio broadcasts as the most frequently outsourced inventory with all 29 schools with an outsourced relationship doing so. This indicates the importance of radio rights in outsource marketing relationships.

Finally Johnson's findings concur with Zullo in identifying the number one reason for contracting with an outsource marketing firm as the desire for guaranteed revenue (2002).

In 2006, Gregory Driscoll examined the relationship between in-house and outsourced marketing agencies in his study *An analysis of the working relationships between in-house and outsourced sport marketing departments in Division I-A college athletics*. Driscoll (2006) found that outsourced marketing agencies face much greater pressure than does in-house marketing. Additionally Driscoll (2006) found outsourced marketing employees have worked in in-house marketing relatively more than in-house marketing employees have worked for outsourced marketing firms. Finally Driscoll (2006) found that despite the difference in goals between in-house and outsourced marketing agencies, the two have very strong working relationships.

Driscoll's findings are important as they identify the differences between in-house and outsourced marketing agencies and indicate despite the differences the two have strong working relationships. This largely addresses the concern of losing control over sponsorship sales when outsourcing as a strong relationship and influence still exists. Driscoll's findings should help many athletic departments overcome this concern.

CHAPTER THREE

METHODOLOGY

Instrument

Since 1994, Transylvania University professor David Fulks and the NCAA have completed a biannual study examining the financial state of NCAA Divisions I, II, and III called the "Fulks Report". During the most recent study completed in 2006, 916 member institutions responded to Fulks for a response rate of 89%. Once the report is compiled the data is available to the public via the NCAA's website. The "Fulks Report" includes line items for revenues and expenses averaged over each level of NCAA sport sponsorship. The line items include total revenues, total expenses, television and radio revenue, and signage and sponsorship revenue. This data was used to examine the historical percentage of total revenue and expenses, television, radio, signage and sponsorship revenue account for.

A survey was utilized to examine the thoughts and opinions of NCAA Division I-AA member institution's athletics directors and marketing directors. The survey contained five multiple choice questions, one Likert Scale question, and one free response question aimed at addressing research questions two, three, four, and nine

Subjects

The NCAA has 119 members at the Division I level and 116 members at the Division I-AA level. This study analyzed financial data on all Division I-A and Division

I-AA. Additionally, survey responses from Division I-AA member institutions were analyzed.

Procedure

For this study the most recent "Fulks Report" was utilized to gather financial data. This study analyzed data for Division I-A and Division I-AA as a whole in the following areas:

- Total Revenue
- Total Expenses
- Television and Radio Revenue
- Signage and Sponsorship Revenue

The survey was compiled using Survey Monkey. An email cover letter containing a link to the survey in Survey Monkey was sent to marketing directors and athletic directors at all 116 Division I-AA member institutions. The body of the email was an informed consent letter from Mr. Graves and his faculty advisor, Barbara Osborne. The informed consent letter outlined the purpose of the study, the benefits of participation, and an outline of how confidentiality would be maintained throughout the research process. At the conclusion of the email a link was provided to SurveyMonkey.com, where they could complete the survey. After one week a follow up email was sent, again containing the informed consent letter and a link to the survey on SurveyMonkey.com. Finally a second follow up email containing the informed consent letter and survey link was sent approximately two weeks after the initial email. Respondents were able to access and complete the survey by utilizing the Survey Monkey link. Survey Monkey compiled the data from the completed surveys.

Statistical Analysis

The study analyzed the population of Division I-AA member institutions . Descriptive statistics were utilized to examine financial data, sponsorship inhibiting factors, available inventory, outsource concerns, and guaranteed revenue. A paired sample t-test was utilized to examine the difference between the sample of Division I-AA member institutions current sponsorship revenue and a sample of Division I-AA member institutions required sponsorship revenue. A one sample t-test was utilized to examine the difference between the population of Division I-A member institutions current sponsorship levels and a sample of Division I-AA member institutions required sponsorship revenue. A correlation model was utilized to examine the relationship between number of inventory items and current revenue as well as the relationship between number of inventory items and required revenue.

CHAPTER FOUR

RESULTS

This chapter details the survey distribution and collection methods, and the major findings of the study. The research questions are addressed using descriptive statistics, two t-tests, and a bivariate correlation test.

An email was sent to athletic marketing directors or athletic directors at all 116 Division I-AA colleges and universities with a link to SurveyMonkey.com, where they could complete the survey. Of the 116 athletic departments emailed, 43 completed the survey for a 37.1% response rate. Data from the 43 completed surveys was analyzed using SPSS statistical software.

Research Question #1: What is the current monetary level of corporate sponsorship at Division I-AA?

Respondents indicated their current monetary level of corporate sponsorship by choosing from options of "less than $100,000," "$100,000 to $250,000," "$250,000 to $500,000," "$500,000 to $750,000," and "More than $750,000." The mean current monetary level of corporate sponsorship for the forty-three respondents was $413,953, and the median was $375,000. Of the 43 respondents, two (4.7%) indicated their current monetary level of corporate sponsorship is less than $100,000. Fourteen respondents (32.6%) indicated their current monetary level of corporate sponsorship is between $100,000 to $250,000. Eleven respondents (25.6%) indicated their current monetary

level of corporate sponsorship is between $250,000 and $500,000. Thirteen respondents (30.2%) indicated their current monetary level of corporate sponsorship is between $500,000 and $750,000. Three respondents (7.0%) indicated their current monetary level of corporate sponsorship is more than $750,000. The frequencies and percentages are reported in Table 1.

Table 1: Current Monetary Level of Corporate Sponsorship at Division I-AA

Current monetary level of corporate sponsorship revenue	Response Count	Response Percent
Less than $100,000	2	4.7%
$100,000 to $250,000	14	32.6%
$250,000 to $500,000	11	25.6%
$500,000 to $750,000	13	30.2%
More than $750,000	3	7.0%

Research Question #2: What factors, and to what level, inhibit securing more corporate sponsorship revenue at Division I-AA?

The respondents were given five possible inhibiting factors, "not enough staff," "limited inventory," "institutional philosophy," "lack of corporate interest," and "lack of sales expertise" and asked to indicate on a 0 to 3 scale, 0 being not a factor at all and 3 being a big factor, how inhibiting each factor is. Not enough staff was not a factor for three (7.5%), a slight factor for seven (17.5%), a factor for ten (25%), and a big factor for 20 (50%) of respondents. Limited inventory was not a factor for nine (24.3%), a slight factor for twelve (32.4%), a factor for twelve (32.4%), and a big factor for four (10.8%) of respondents. Institutional philosophy was not a factor for eleven (28.9%), a slight factor for thirteen (34.2%), a factor for eleven (32.4%), and a big factor for three (7.9%) of respondents. Lack of corporate interest was not a factor for three (8.1%), a slight factor for nineteen (51.4%), a factor for twelve (32.4%), and a big factor for three (8.1%)

of respondents. Lack of sales expertise was not a factor for fifteen (41.7%), a slight factor for fifteen (41.7%), a factor for six (16.7%), and was not listed as a big factor by any of the respondents. The mean response level was 2.16 for not enough staff, 1.24 for limited inventory, 1.16 for institutional philosophy, 1.41 for lack of corporate interest and 0.75 for lack of sales expertise. Table 2 reports the levels selected for the inhibiting factors as well as each inhibiting factors mean selection level

Table 2: Factors and Levels of Inhibiting Securing More Corporate Sponsorship Revenue

Answer Options	Not a Factor	Slight Factor	Factor	Big Factor	Mean
Not enough staff	3	7	10	20	2.18
Lack of corporate interest	3	19	12	3	1.41
Limited inventory	9	12	12	4	1.30
Institutional philosophy	11	13	11	3	1.16
Lack of sales expertise	15	15	6	0	0.75

Research Question #3: What inventory is available at Division I-AA?

Respondents were given a list of twenty-eight possible inventory items and asked to indicate all inventory items available to sell at their respective institutions. In-venue signage, game program advertising, and ticket back advertising were selected as available inventory by all forty-three (100%) respondents. Game sponsorships and on field/court promotions were indicated as available inventory by forty-two (97.7%) of the forty-three respondents. Football and men's basketball play-by-play broadcasts were available inventory for forty (93%) respondents. Internet advertising rights on the official athletic department web site was selected as inventory for thirty-five (81.4%) respondents. Women's basketball radio play-by-play broadcasts were available inventory for thirty-three (76.7%) respondents. Other inventory items available at a majority of schools were

football radio coach's shows, twenty-four (55.8%) respondents, men's basketball radio coach's shows, twenty-two (51.2%) respondents, pouring rights, twenty-two (51.2%) respondents, and e-commerce, twenty-two (51.2%) respondents. The least available inventory items were hockey coach's television shows with zero responses, baseball coach's television shows with one (2.3%) response, other coach's television shows with one (2.3%) response, baseball coach's radio shows with two (4.7%) responses, other coach's radio shows with three (7%) responses, and hockey coach's radio shows with four (9.3%) responses. Five (11.6%) respondents indicated available inventory not listed on the survey. These inventory items included in game television broadcasts for football, volleyball, men's basketball, and women's basketball, corporate hospitality, television advertising, trading cards, schedule posters, and corporate suites. Table 3 itemizes the inventory available at respondents' institutions.

Table 3: Available Inventory

Inventory	Response Count	Response Percent
Football radio play by play broadcasts	40	93.0%
Men's Basketball radio play by play broadcasts	40	93.0%
Women's Basketball radio play by play broadcasts	33	76.7%
Hockey radio play by play broadcasts	5	11.6%
Baseball radio play by play broadcasts	19	44.2%
Other radio play by play broadcasts	16	37.2%
Football radio coach's shows	24	55.8%
Men's Basketball radio coach's shows	22	51.2%
Women's Basketball radio coach's shows	16	37.2%
Hockey radio coach's shows	4	9.3%
Baseball radio coach's shows	2	4.7%
Other radio coach's shows	3	7.0%
Football television coach's shows	13	30.2%
Men's Basketball television coach's shows	12	27.9%
Women's Basketball television coach's shows	6	14.0%
Hockey television coach's shows	0	0.0%
Baseball television coach's shows	1	2.3%
Other television coach's shows	1	2.3%

In venue signage	43	100.0%
Game program advertising	43	100.0%
Ticket back advertising	43	100.0%
Internet advertising on the official athletic department website	35	81.4%
Game sponsorships	42	97.7%
On field/court promotions	42	97.7%
Concessions Rights	12	27.9%
Pouring Rights	22	51.2%
E-commerce (online merchandise sales)	22	51.2%
Other	5	11.6%

Research Question #4: What monetary level of guaranteed income is required to outsource at Division I-AA?

The choices provided for required monetary level of guaranteed income to outsource were the same as those provided for the current monetary level: "less than $100,000," "$100,000 to $250,000," "$250,000 to $500,000," "$500,000 to $750,000," and "more than $750,000." Two respondents chose not to answer this question. The mean required monetary level of guaranteed income to outsource $499,419. Of the 41 responses, two (4.9%) indicated they would require less than a $100,000 guarantee to outsource. Ten (24.4%) respondents reported a required guarantee between $100,000 and $250,000 to outsource. Nine (22%) respondents required a guarantee between $250,000 and $500,000 to outsource. Ten (24.4%) respondents indicated a required guarantee between $500,000 and $750,000. Ten (24.4%) respondents reported a required guarantee of more than $750,000. The frequencies and percentages are reported in Table 4.

Table 4: Required Monetary Level of Guaranteed Income to Outsource

Required Monetary Level	Response Count	Response Percent
Less than $100,000	2	4.9%
$100,000 to $250,000	10	24.4%
$250,000 to $500,000	9	22.0%
$500,000 to $750,000	10	24.4%
More than $750,000	10	24.4%

Research Question #5: Is there a relationship between the number of inventory items available and the current monetary level of corporate sponsorship at Division I-AA?

Survey respondents indicated their current monetary level and available inventory items. For each respondent the total number of available inventory items was tabulated. Using the current monetary level and number of available inventory items a bivariate correlation was run in SPSS. The findings indicate no significant correlation between current monetary level and the number of available inventory items (R = .205, P = .187)

Research Question #6: Is there a relationship between the number of inventory items available and the required monetary level of guaranteed income to outsource at Division I-AA?

Survey respondents indicated their required monetary level and available inventory items. For each respondent the total number of available inventory items was tabulated. Using the required monetary level and number of available inventory items a bivariate correlation was run in SPSS. The findings indicate no significant correlation between required monetary level and the number of available inventory items (R = .145, P = .366)

Research Question #7: Does the current monetary level of corporate sponsorship at Division I-AA differ from the guaranteed income required to outsource at Division I-AA?

In the survey respondents were asked to indicate their current monetary sponsorship levels and the required guarantee monetary level to outsource their

marketing. Forty-one paired samples were utilized for the t-test as two of the forty-three respondents chose not to indicate their required guarantee monetary level to outsource. Using SPSS a paired sample t-test was run. The results returned a significant finding ($t_{40} = -3.167$, $p = .003$) indicating the current monetary level of corporate sponsorship differs from the guaranteed income required to outsource at Division I-AA.

Research Question #8: Does required income as a percentage of total revenue at Division I-AA differ from actual income as a percentage of total revenue at Division I-A?

Forty-one respondents indicated their required income guarantee to outsource. These responses were divided by $9,642,000, the median total revenue figure for Division I-AA as reported on the 2006 Fulks report to calculate the respondents required income as a percentage of total revenue at Division I-AA. Sponsorship income as a percentage of total revenue at Division I-A was reported at 13% in the 2006 Fulks report. A one sample t-test was run in SPSS utilizing the respondents mean required income as a percentage of total revenue and the actual income of 13% at Division I-A as reported on the 2006 Fulks report. The results of the one sample t-test returned a significant finding ($t_{40} = -12.973$, $P < .001$), indicating the required income as a percentage of total revenue at Division I-AA is not equal to actual income as a percentage of total revenue at Division I-A.

Research Question #9: What are the institutional questions or concerns regarding outsourced marketing at Division I-AA?

In the survey respondents were given a selection of possible institutional questions or concerns including "lack of institutional control," "over-commercialization,"

"not cost effective for the amount of revenue generated," "guaranteed revenue not high enough to relinquish control," "company mission is not same as school mission," "outsourced companies do not share the same values as the athletics department," "internal employees can best represent our athletics program's interests," and "other" and were asked to check all that apply. Lack of institutional control was selected by nineteen (51.4%) respondents. Over-commercialization was selected by ten (27%) respondents. Not cost effective for the amount of revenue generated was selected by twelve (32.4%) respondents. Guaranteed revenue not high enough to relinquish control was selected by fourteen (37.8%) respondents. Company mission is not same as school mission was selected by eleven (29.8%) respondents. Outsourced companies do not share the same values as the athletics department was selected by nine (24.3%) respondents. Internal employees can best represent our athletics program's interest was selected by eighteen (48.6%) respondents. Other was selected by three (8.1%) respondents and included "already tried and failed" and "maintaining internal staff job security". Table 5 reports the frequencies and percentages of institutional concerns

Table 5: Institutional Questions and Concerns

Concerns	Response Count	Response Percent
Lack of institutional control	19	51.4%
Over-commercialization	10	27.0%
Not cost effective for the amount of revenue generated	12	32.4%
Guaranteed revenue not high enough to relinquish control	14	37.8%
Company mission is not same as school mission	11	29.7%
Outsourced companies do not share the same values as the athletics department	9	24.3%
Internal employees can best represent our athletics program's interests	18	48.6%
Other	3	8.1%

CHAPTER FIVE

DISCUSSION

The data collected by this study provides valuable insight into the potential for expansion of outsourced marketing into NCAA Division I-AA. This chapter analyzes the results pertinent to each research question and draws conclusions based on the analysis provided.

Current Monetary Level of Corporate Sponsorship at Division I-AA

The data returned a wide range of responses from less than $100,000 to more than $750,000. The 2006 Fulks Report reports the average corporate sponsorship at Division I-AA is $280,000. The mean current corporate sponsorship revenue reported by the forty-three respondents was $413,953, with twenty-seven (62.8%) schools indicating a current corporate sponsorship level of above $250,000. Only two (4.7%) schools participating fall below the $100,000 corporate sponsorship threshold. This indicates there are very few schools failing to secure significant corporate sponsorship dollars in Division I-AA. These results combined with Dr. Fulks' research indicate an increase in Division I-AA corporate sponsorship revenue since 2006. Increasing corporate sponsorship revenues and few underperforming schools make Division I-AA schools more appealing to outsourced marketing companies.

Levels of Factors Inhibiting Securing Corporate Sponsorship at Division I-AA

On a zero to three scale, zero being not a factor and three being a big factor, "not enough staff" was the only factor where a majority of respondents selected level two or higher. Ten (25%) schools selected a level two for "not enough staff" and twenty (50%) schools selected a level three. All other factors were selected as a non- or slight factor as follows: limited inventory at 56.8%, institutional philosophy at 63.2%, lack of corporate sponsorship at 59.5%, and lack of sales expertise at 83.3%. No respondent selected "lack of sales expertise" at a level three.

The response data paint a positive picture for Division I-AA schools prospects with outsourced marketing. With more than seventy-five percent of respondents selecting "not enough staff" as a factor, there is a clear indication that were the schools to have larger staffs they would be able to secure more corporate sponsorship revenue at their institutions. Based on these responses an outsourced marketing company with a dedicated sales staff may be able to generate more corporate sponsorship revenue. Additionally according to the majority of the responding schools the traditional challenges faced by outsourced marketing companies -- limited inventory, difference in institutional philosophy, and lack of corporate interest -- are no more than slight factors inhibiting increasing corporate sponsorship revenue at the Division I-AA level. While it is possible responding schools underestimate the significance of some of the challenges in securing corporate sponsorship, it does not appear there would be any significant factors inhibiting an outsourced company from successfully increasing corporate sponsorship revenue at the Division I-AA level.

Available Inventory at Division I-AA

In examining the potential for expansion of outsourced marketing at Division I-AA it was important to account for the available inventory. It has already been noted the majority of respondents (56.8%) do not believe a lack of inventory is a factor in increasing corporate sponsorship revenue. Respondents indicated a large and diverse available inventory while selecting from the twenty-seven inventory items on the survey. In-venue signage, game program advertising, and ticket back advertising were available at every responding school. Game sponsorships and on field/court promotions were available inventory reported by all but one respondent. Other inventory items available at a majority of responding schools were football and basketball radio play by play at forty (93.0%) schools, internet advertising on the official athletic department website at thirty-five (81.4%) schools, women's basketball radio play by play at thirty-three (76.7%) schools, football radio coach's show at twenty-four (55.8%) schools, men's basketball at twenty-two (51.2%) schools, pouring rights at twenty-two (51.2%) schools, e-commerce rights at twenty-two (51.2%) schools. In total thirteen inventory items were available at a majority of responding schools. This compares favorably to the results of Kyle Johnson's 2002 study *Multi-Media Rights Analysis in Major College Athletics* where at major Division I-A institutions eight out of seventeen possible inventory items where available at a majority of responding schools. Of the eight inventory items available at a majority of Division I-A institutions only one, coach's television shows, was not also available at a majority of Division I-AA institutions.

The only inventory item not selected by responding schools was hockey coach's television show. The other inventory items selected by less than a quarter of responding

schools were baseball coach's television show one (2.3%) school, other coach's television show one (2.3%) school, baseball coach's radio show two (4.7%) schools, other coach's radio show three (7.0%) school, hockey coach's radio show four (9.3%) schools, hockey radio play by play five (11.6%) schools, and women's basketball coach's television show six (14.0%) schools. Of these eight underrepresented inventory items three are hockey related, which is a sport not sponsored at all schools, or related to other sports which are not traditionally considered revenue generating sports.

The data pertaining to available inventory again points to the feasibility of the expansion of outsourced marketing at Division I-AA. The prevalence of a wide array, thirteen, of inventory items at a majority of responding schools bodes well for an outsourced marketing companies ability to generate corporate sponsorship revenue. Additionally the underrepresented inventory items are in nontraditional areas and the lack of these items should not inhibit an outsourced marketing company's ability to increase corporate sponsorship revenue.

Monetary Level of Guaranteed Income Required to Outsource at Division I-AA

The data collected from the survey regarding current monetary levels of corporate sponsorship, a lack of inhibiting factors, and a wide array of inventory items indicated the feasibility of the expansion of outsourced marketing in Division I-AA. While these are all important factors to consider it is also necessary to analyze the guarantees Division I-AA schools would require to outsource their marketing. The mean monetary level of guaranteed income required to outsource marketing for the responding schools was $499,419. The data indicates only two (4.9%) schools would require less than a

$100,000 guarantee to outsource their marketing. Ten (24.4%) schools would require a guaranteed income in excess of $750,000.

The guaranteed income required to outsource for the responding schools must be compared to their current monetary level of corporate sponsorship to properly analyze the expansion of outsourced marketing at the Division I-AA level. The mean guaranteed income required to outsource marketing of $499,419 is $85,466 more than the mean current monetary level of corporate sponsorship of $413,953 at Division I-AA. A paired sample t-test was run using SPSS to determine if there was a significant difference between the current monetary level of corporate sponsorship and the monetary level of guaranteed income required to outsource at Division I-AA. The current monetary level of corporate sponsorship was found to be significantly less than the monetary level of guaranteed income require to outsource marketing ($t_{40} = -3.167$, $p = .003$). This means the responding schools would require a monetary level of guaranteed income significantly higher statistically than the revenue they are currently generating from corporate sponsorships. While there is a significant difference the mean difference of $85,466 represents less than one percent of total revenue at Division I-AA.

The significant difference between current corporate sponsorship revenue and the required guarantee income to outsource marketing may be a red flag to outsourced marketing companies. For the relationship to work, the outsourced marketing company must be able to generate revenue in excess of the guarantee paid to the school. The data indicates schools would require a guarantee significantly larger than the revenue currently generated from corporate sponsorships. The difference in required guarantee

and current corporate sponsorship revenue may prevent outsource marketing companies from profitably operating at Division I-AA.

While the significant difference between current corporate sponsorship revenue and the required guarantee may be a road block for the expansion of outsourced marketing at Division I-AA there is a factor that may mitigate the significant difference. Schools responding to the survey indicated not currently having sufficient staff is a significant factor in failing to increase corporate sponsorship revenue at their respective institutions. With an outsourced marketing staff selling corporate sponsorships full time the internal marketing departments indicated they believe corporate sponsorship revenues can be increased. This could possibly make up for the significant difference between current corporate sponsorship revenue and the required guarantee income.

Relationship Between Number of Inventory Items and Current/Required Revenue

As outsource marketing firms search for schools to begin new relationships with the relationship will need to be profitable for the outsourced marketing company. It has been noted the required guarantee income is significantly greater than the current corporate sponsorship revenue at the responding schools, thus for outsourced marketing companies to have profitable relationships at Division I-AA there will be a premium on identifying factors at the prospective schools that may predict profitability.

Ultimately outsourced marketing is only able to sell what inventory a particular school has. This leads into the thought that the amount of inventory or number of inventory items available may be indicative of the corporate sponsorship revenue possibilities at a particular school. Using the inventory responses from the survey each respondent's number of inventory items was counted for a total number of inventory

items for each respondent. A bivariate correlation based on the total number of inventory items and each school's response on current corporate sponsorship revenue was run. The results indicated no significant correlation (R = .205, p = .187) between the number of inventory items and current corporate sponsorship revenue at the respondent Division I-AA institutions. For outsource marketing companies this indicates they can not simply count the amount of available inventory to accurately predict the corporate sponsorship revenue possibilities at Division I-AA institutions.

The same bivariate correlation test was run between number of inventory items at each respondent school and their respective required monetary level of guaranteed income. Again there was no significant correlation (R = .145, p = .366) between number of inventory items and the required monetary level of guaranteed income. This presents a possible area for future research, identifying factors and developing metrics to accurately predict profitable properties for acquisition.

Required Income as a Percentage of Total Revenue

It is clear corporate sponsorship revenue in Division I-AA will never be on par with corporate sponsorship revenue in Division I-A. There is however no reason to believe corporate sponsorship revenue as a percentage of total revenue can have no significant difference between Division I-AA and Division I-A. The 2006 Fulks Report reports corporate sponsorship revenue accounts for thirteen percent of total revenue at Division I-A. Corporate sponsorship revenue as a percentage of total revenue was calculated for the respondents utilizing each respondent's indicated required monetary level of guaranteed income and the 2006 Fulks Report's reported Division I-AA median total revenue of $9,642,000. The mean required corporate sponsorship revenue as a

percentage of total revenue for the respondents was found to be 5.6%. One sample t-test was run to determine if there is a significant difference between the respondents required corporate sponsorship revenue as a percentage of total revenue and the corporate sponsorship revenue as a percentage of total revenue for Division I-A as reported in the Fulks Report. The respondents mean percentage was found to be significantly (t_{40} = -12.973, P = .000) lower the Division I-A percentage.

The difference in percentages is an encouraging finding for the expansion of outsourced marketing into Division I-AA as the significantly smaller percentage as reported by the Division I-AA respondents may indicate room for significant growth in outsource marketing revenue. This may also be viewed as another mitigating factor when considering the significant difference between current corporate sponsorship revenue and the greater monetary level of guaranteed income required to outsource.

Division I-AA Concerns With Outsourced Marketing

Respondents were asked to indicate any possible concerns they may have with outsourcing their marketing. Nineteen (51.4%) respondents indicated a lack of institutional control as a concern, eighteen (48.6%) respondents indicated internal employees best represent their athletics program's interests, and fourteen (37.8%) respondents selected guaranteed income is not high enough to relinquish control. These figures indicate there are legitimate concerns about outsourced marketing internally at Division I-AA. These findings are not unique to Division I-AA. Robert Zullo's 2000 study *A study of the level of satisfaction with outsourcing marketing groups at major Division I-A National Collegiate Athletic Association schools* found similar concerns in Division I-A. Zullo's study also found the guaranteed income provided by outsourced

marketing companies assuages the majority of institutional concerns. It is likely as outsourced marketing becomes more prevalent in Division I-AA the concerns with outsourced marketing will alleviate.

Conclusion

The analysis of the survey data shows a promising future for outsourced marketing at Division I-AA. The analysis did return some draw backs for outsource marketing at Division I-AA including a significant difference between current corporate sponsorship revenue and the required guaranteed income, however nearly all other analyzed data indicates a probability of success should outsource marketing continue to expand in Division I-AA. Most importantly current corporate sponsorship revenue has increased since 2006 largely in the absence of outsource marketing. Additionally more than fifty percent of respondents indicated a lack of staffing as a significant factor in inhibiting growing corporate sponsorship revenue. A lack of inventory does not appear to be an issue as thirteen inventory items were available at more than half of the respondent institutions. Finally corporate sponsorship revenue as a percentage of total revenue at Division I-AA is still significantly less than corporate sponsorship revenue as a percentage of total revenue at Division I-A. This indicates there is significant room for corporate sponsorship revenue growth relative to total revenue at Division I-AA. Based on the findings of this study it is likely, as expenses continue to increase at Division I-AA and outsource marketing guarantees at the Division I-A level increase, Division I-AA schools and outsourced marketing companies will turn to each other in an effort to generate more revenue.

EMAIL COVER LETTER

Dear Athletics Director or Marketing Director:

My name is Kristian Graves and I am a graduate student conducting a research study for the completion of the master's thesis in Sport Administration at the University of North Carolina at Chapel Hill. The study involves surveying Football Championship Subdivision athletic departments to obtain information regarding corporate sponsorships and outsource marketing at the Football Championship Subdivision level of NCAA sport sponsorship. The purpose of this study is to examine the potential for expansion of outsourced marketing into NCAA Football Championship Subdivision.

To date, there is limited information about the target population of this study (Football Championship Subdivision colleges and universities) and outsource marketing. The data attained through this survey will be used to answer some of the current unknowns regarding this population. As such, your participation will be beneficial in two ways: first, you will be responsible for providing feedback regarding current corporate sponsorship and outsource marketing practices at your institution and, second, you will provide your perceptions about your institutions possible future participation with outsource marketing.

To participate in the research study, please click on the link provided below to be directed to a brief survey. Completing the web-based survey should take no longer than five to seven (5-7) minutes and is hosted by a secure online survey service. Should you choose to participate in the survey, you may skip any question that you choose not to answer. Your participation in the survey is entirely voluntary and such participation will connote your consent to be a part of the research study. You will in no way be identified by your survey answers and all information will only be used within the scope of the study and will otherwise remain anonymous and confidential.

If you have any questions or concerns regarding your participation in the study, please contact me at 919-423-7267. My advisor, Barbara Osborne, J.D., may be contacted by email at sportlaw.unc.edu

All research on human volunteers is reviewed by a committee that works to protect your rights and welfare. If you have questions or concerns about your rights as a research subject you may contact, anonymously if you wish, the Institutional Review Board at 919-966-3113 or by email to IRB_subjects@unc.edu and refer to study #08-0217

I greatly appreciate your time and participation in this research study, as you are a vital component in achieving information in an unknown, yet increasingly apparent, area of collegiate athletics.

By clicking on this link and completing the following survey, you agree to be a participant in this research study.

http://www.surveymonkey.com/s.aspx?sm=JDwEup33Sd59jLPizmGeaA_3d_3d

Sincerely,

Kristian M. Graves
Master's Degree Student
UNC Graduate Program in Exercise and Sport Science
919-423-7267
kgraves@email.unc.edu

EMAIL FOLLOW UP LETTER

Dear Athletics Director or Marketing Director:

My name is Kristian Graves and I am a graduate student conducting a research study for the completion of the master's thesis in Sport Administration at the University of North Carolina at Chapel Hill. The study involves surveying Championship Division athletic departments to obtain information regarding corporate sponsorships and outsource marketing at the Championship Division level of NCAA sport sponsorship. The purpose of this study is to examine the potential for expansion of outsourced marketing into NCAA Championship Division.

I have previously contacted you regarding completion of a survey for my study. If you have any questions or concerns regarding your participation in the study, please contact me at 919-423-7267. My advisor, Barbara Osborne, J.D., may be contacted by email at sportlaw.unc.edu, or the UNC IRB board at Medical School Building 52, 105 Mason Farm Road, CB #7097, Chapel Hill, NC 27599-7097 or by phone 919-966-7879 and refer to study #08-0217.

All research on human volunteers is reviewed by a committee that works to protect your rights and welfare. If you have questions or concerns about your rights as a research subject you may contact, anonymously if you wish, the Institutional Review Board at 919-966-3113 or by email to IRB_subjects@unc.edu.

I greatly appreciate your time and participation in this research study, as you are a vital component in achieving information in an unknown, yet increasingly apparent, area of collegiate athletics.

By clicking on this link and completing the following survey, you agree to be a participant in this research study.

http://www.surveymonkey.com/s.aspx?sm=JDwEup33Sd59jLPizmGeaA_3d_3d

Sincerely,

Kristian M. Graves
Master's Degree Student
UNC Graduate Program in Exercise and Sport Science
919-423-7267
kgraves@email.unc.edu

SURVEY

1. What is the monetary level of corporate sponsorship revenue within your athletic department?

- Less than $100,000
- $100,000 to $250,000
- $250,000 to $500,000
- $500,000 to $750,000
- More than $750,000

2. Please indicate to what levels the following factors inhibit your athletic department from securing more corporate sponsorship revenue? 0 being not at all and 3 being greatly inhibits

-Not enough staff

0 1 2 3

-Limited inventory

0 1 2 3

-Institutional philosophy

0 1 2 3

-Lack of corporate interest

0 1 2 3

-Lack of sales expertise

0 1 2 3

3. What inventory is available to sell within your athletic department? Please check all that apply.

-Radio play by play broadcasts in:
- football
-men's basketball
-women's basketball
-hockey
-baseball
-other

-Radio coach's shows for:
- football
-men's basketball
-women's basketball
-hockey,
-Baseball
- other

-Television coach's shows for:
-Football
-Men's Basketball
-Women's Basketball
-Hockey
-Baseball
-Other

-In venue signage
-Game program advertising
-Ticket back advertising
-Internet advertising on the official athletic department website
-Game sponsorships
-On field/court promotions
-Concessions Rights
-Pouring Rights
-E-commerce (online merchandise sales)
-Other

4. How much guaranteed annual revenue would you need to contract with an outsource marketing company such as Host Communications, Learfield Communications, etc?

- Less than $100,000
- $100,000 to $250,000
- $250,000 to $500,000
- $500,000 to $750,000
- More than $750,000

5. What are your concerns regarding outsource marketing at Division I-AA?

    -Lack of institutional control
    -over-commercialization ?
    --not cost effective for the amount of revenue generated
    --guaranteed revenue not high enough to relinquish control
    --company mission is not same as school mission
    --outsourced companies do not share the same values as the athletics department
    --internal employees can best represent our athletics program's interests
    --other _____

6. Have you ever explored outsourcing their marketing?
    - Yes
    - No

7. If yes, why didn't you choose to contract with an outsourced marketing company?

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