

Ambush Marketing- A Study with Special Reference to Indian Premier League 2013

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Abstract- One of the early definitions of the ambush marketing was developed by (Meenaghan, 1994) and it was described as “the practice whereby another company, often a competitor, intrudes upon public attention surrounding the event, thereby deflecting attention toward themselves and away from the sponsor”. The sponsorship of any event is expensive action which requires planning and execution to get the expected financial reward. The brand or company which gets the official sponsorship contract is relieved to make its plans a reality. But the ambushers are spoiling the fun and reward of the official sponsors. They are making use of any and every opportunity to exhibit their logo and brand names within the event. The study aims to identify the technique of marketing used in popular sports events called ambush marketing. The application of the technique was visible during the popular cricket league tournament Indian Premier League during its 2013 season. The official sponsors of the tournament were beverage giant PepsiCo. An invasion of the arch rival Coca Cola was noticed. It also made Pepsi to act and take counter-measures. The research paper focuses on the application of the marketing strategy by the competitors.

Index Terms- Ambush marketing, Indian premier league, Coca-Cola, PepsiCo

I. INTRODUCTION

The term (Sandler & Shani, 1989) suggested that the first instance of ambush marketing occurred when Kodak failed to secure sponsorship rights for the 1984 Olympic Games to Fuji. Undeterred, Kodak became the sponsor of the ABC's broadcasts of those Games and the “official film” of the U.S. tracks team. If Fuji was the victim of ambush marketing in 1984, it is widely accepted that it exacted its revenge on Kodak in 1988 (Bayless, 1988)Kodak secured the worldwide category sponsorship for the 1988 Olympic Games, but Fuji aggressively promoted its sponsorship of the U.S. swimming team.

Companies involved in sub-category sponsorship have not necessarily engaged in illegal behavior. Although official sponsors may see the appearance of rivals' insignia at an event as likely to create confusion, this argument overlooks the fact that rivals have the right to promote their sponsorship associations. Disputes between Reebok, who was official apparel supplier to the US team at the 1992 Olympics, and Nike, who contracted the US track and field team to wear Nike clothing when competing, illustrate this problem. Reebok considered Nike guilty of stealing exposure and publicity they believe they had purchased when they obtained the apparel sponsorship for the entire U.S. team.

However, Nike argued they simply exploited a legitimate sponsorship opportunity open to them (Hoek, 2003).

Two general categories of ambush marketing have emerged, and both are relevant to the right of association. The first, ambush marketing by association, is the classic form of this practice, in which an ambusher seeks to create an association between itself and the event (Meenaghan, 1994), (Sandler & Shani, 1989)The second, called ambush marketing by intrusion, involves merely placing one's trademarks or other indicia in event spaces where they will be captured by television cameras, or seen by those attending the event (Bartlett, 2007).

Direct ambush marketing is an intentional use of symbols and trademarks associated with the mass event so as to give the consumers the wrong impression as to the actual sponsors of the event. Under Direct Ambush Marketing the marketer intentionally tries to claim the benefit of the event. Certain direct ambush marketing strategies are: Predatory Ambushing: The direct ambushing of a market competitor, intentionally attacking a rival's official sponsorship in an effort to gain market share, and to confuse consumers as to who is the official sponsor. Coattail Ambushing: It is an attempt by a brand to directly associate itself with a property or event by "playing up" a connection to the property/event that is legitimate but does not involve financial sponsorship/ without securing official event sponsor status. Ambushing via trademark/license infringement means intentional unauthorized use of protected intellectual property. Such properties can include the logos of teams or events, or making use of unauthorized references to tournaments, teams or athletes, words and symbols in a brand's marketing as a means of attaching itself in the eyes of consumers to a property or event. Ambushing "by degree" also known as sponsor self-ambushing: Marketing activities by an official sponsor above and beyond what has been agreed on in the sponsorship contract.

Indirect ambush marketing includes Ambushing "by association", Values-based ambushing, Ambushing "by distraction", "Insurgent" ambushing, "Parallel property" ambushing and Pre-emptive Ambushing

The Indian premier league is an annual twenty 20 cricket tournament, founded in2008. The founder of the tournament is the BCCI. The tournament is held between the months of April and June. The brand value of IPL is us\$7.2 billion. The initial sponsors were DLF, which cost (Rs. 2.50 billions) US \$50 million from 2008 to 2012. PepsiCo took over in 2013 which cost PepsiCo (Rs. 396.8 million) US \$72 million for 5 years. The sponsorship agreements include a deal with motorcycle maker Hero Honda worth \$22.5-million. The global broadcasting rights are held by Sony entertainment television and Singapore based World Sports Group, which cost \$1.026 billion. The broadcasters pay US \$ 918 million for television broadcasting and US\$108

million for promotion of the tournament. Sony-WSG consortium then re-sold parts of the broadcasting rights geographically to other companies. The tournament generates income of US\$1.6 billion for BCCI. Kingfisher Airlines are exclusive umpire sponsors, which cost Rs. 1.06 billion (US \$ 17 million). IPL owns 150 seconds of air time on SetMax devoted to ads appearing on the screen which also gets covered on TV. At Rs 6 lakhs per 10 seconds, it is Rs 90 lakhs per match, a minimum of Rs 54 crore for 60 matches.

Mobile rights includes live streaming which was sold to Appalya Technologies, mobile internet opportunities sold to July Systems, Cric Zenga for mobile scorecard and SIEL for smart phone applications on a revenue sharing basis. Ground sponsorships during the strategic time out (gap in between the match) have been sold to Maxx Mobile for Rs 17-20 crore for the year. A fourth central sponsor, Karbonn Mobiles, added to the existing title sponsor DLF (Rs 200 crore for five years) and associate sponsors Hero Honda, Vodafone and Citibank, who pay around Rs 25 crore for five years each. Fifty-four per cent of this is distributed among teams. DCI Mobile Studios (A division of Dot Com Info way Limited), in conjunction with Sigma Ventures of Singapore, have jointly acquired the rights to be the exclusive Mobile Application partner and rights holder for the Indian Premier League cricket matches worldwide for the next 8 years (including the 2017 season). Recently, they have released the IPL T20 Mobile applications for iPhone, Nokia Smart phones and Blackberry devices. Soon it will be made available across all other major Mobile platforms including the Android, Windows Mobile, Palm & others

II. LITERATURE REVIEW

Sponsorship is an investment in cash or kind in an activity in return for access to the exploitable commercial and marketing potential associated with that activity.

Critics call ambush marketing “parasite marketing,” (McKelvey, 2004) claiming that companies are deliberately looking for ways to piggyback on their rivals’ sponsorship of major events despite protests from sponsors and event organizers. The ambusher that gives the impression of involvement without payment is merely serving its own narrow self-interest and, in doing so, engages in behavior that is harmful to the greater good of sport. in behavior that is harmful to the greater good of sport (Schmitz, 2005).

As per study conducted in India by (Das, 2010) Sponsors are very much benefitted from IPL marketing tactics but to some extent continuous ads are creating a negative impact upon consumer’s minds as it is one of the reasons for switches. IPL ads are in no doubt influencing consumer buying behavior but are lagging behind for achieving consumer’s loyalty, so sponsors have to consider this seriously. Consumers give more importance in purchasing of products of their favorite team rather than the brand ambassador of the team. So IPL marketers have to consider this in mind while going for selecting brand ambassador of their team or while sponsoring any team.

According to (seth, 2010) Ambush marketing cannot be seen just as a marketing jargon or a commercial irritant. It need to be recognized in law to enable parties to bring the requisite action against the one who commit the act. In India too there have been

several cases of ambush marketing especially during Indian Premier League as well as before the commencement of Commonwealth Games in New Delhi.

At the same time, the value of sponsorship as an effective promotional tool is increasingly being questioned. First, there is a growing concern that the excessive sponsorship-linked marketing activities surrounding the Olympic Games led to over commercialization of the Olympics (Ettorre, 1993). Second, the increasing variety of official sponsor designations creates confusion in the minds of consumers, who consequently have difficulties in identifying sponsors (Stotlar, 1993). Third, a growing number of companies without any official designation are finding creative ways to associate themselves with the event and engage in the tactic of “ambush marketing” (Graham, 1997)

Supporters of ambush marketing, including (Schmitz, 2005) see it as smart business. Arguably, ambush marketing provides a positive free market force. By exposing to official sponsors and event organizers the true scope of exclusivity that any sponsor can reasonably expect to enjoy, ambushers in effect help quantify the true market value of Olympic sponsorship while participating in the marketing blitz in a manner they deem most cost effective for their company.

(Sheridan, 2010) has listed what he and others allege are the four most prevalent forms of ambush marketing techniques: “(1) purchasing advertising time around an event in order to associate a non-sponsoring company as a sponsor of the event; (2) negotiating with individual players or teams, who are participating in a larger sponsored event or league, to have them endorse a non-sponsoring company; (3) using event tickets in a promotional contest to tie a non-sponsoring company to that event; and (4) [aggressive] marketing [by] a non-sponsoring company around the location of an event.

According to (Sandler, 1998) the strong reaction of the study by might indicate the approach event organizers should take in creating a more objectionable environment for ambush marketing. Rather than attacking the ambushers and questioning their ethical standards, it might be more effective to concentrate on the consumers and show them they are being misled.

In some events, sponsorship rights to the event itself do not include associated media rights. As a result, some sponsors discover their rivals have obtained broadcasting rights and, in some cases, higher profiles than they themselves obtain, despite their official status. The most famous example of this is Kodak’s sponsorship of the ABC broadcasts of the 1984 Olympics, noted above (Sandler & Shani, 1989).

The IPL brand has all the four realms of experience i.e. entertainment, aesthetic, education and escapist (Singh, 2012). Approximate value created by the IPL as a brand is to be in excess of US\$ 3.2 billion (2014).

Based on Major Base Ball League matches of USA and the English Premier League football cup of UK, the business model plans to create a win-win situation. Mr. Lalit Modi, the former Chairman of IPL designed and introduced the IPL format for in 2008. Team members from national and state level cricket associations of India and top players from other cricket playing nations play in the event. A Franchise owns a team and the players are ‘purchased’ for a season at an auction. Each player commands a price based on his playing record and current form.

The bidding follows specific rules with a cap on the total amount that each team can spend (Kadapa, 2013)

IPL is all about experiencing the mega brand. One of the rising areas of branding and services marketing is experiential marketing. Brand or service experiences are those that engage customers in memorable ways and coordinate the marketing offer to “perform” a marketing experience. Instead of something being marketed “at” or “to” its target customer, experiential marketing aims to involve the customer in the experience by studying the “touch points,” the times and places in which the customer comes into contact with the brand and looking at ways in which the brand can interact and create engagement with its customers (Singh, 2012)

In the IPL, brand value is derived from a wider variety of reasons keeping in mind the Indian viewer’s vernacular proclivities, cricketing knowledge and celebrity influence. Accordingly, drivers of brand value in the IPL can be categorized under the heads Management Strength and On-Field Performance, Marketing Strategy, Celebrity Influence and Marquee Players and Geographical Location (2014).

III. RESEARCH PROBLEM

The concept of Ambush marketing is familiar in western countries as there are regular big international level sports events conducted in USA and Europe. The technique is new in India. The objective of the study is to identify the results of Coca Cola – PepsiCo rivalry in the lights of sponsorship of Indian Premier League 2013. The study aims to measure the benefits gained by the official sponsor from the contract and the adverse effect Coca-Cola’s ambush marketing strategy on Pepsi’s sales. The study is exploratory in nature. Various literature articles and news reports are verified to arrive at conclusion.

IV. FINDINGS AND DISCUSSIONS

The US beverage and snacks maker PepsiCo has signed an Rs 50-crore deal with Multi Screen Media, owners of SET Max channel, to become one of the two presenting sponsors of the event, and will cough up other Rs 16-18 crore to become drinks partners of all eight IPL teams except Mumbai Indians. PepsiCo had paid BCCI Rs 396 crore to buy IPL title rights for five years starting 2013 double of what previous title sponsor real estate firm DLF had paid. PepsiCo had spent a record Rs 160 crore on the T20 tournament in the year 2013 held between April 3 and May 26. PepsiCo is spending almost Rs 70 crore on top of its title sponsorship deal of the Indian premier League to bag almost all possible on-air and on-ground sponsorship and branding deals for the upcoming T20 tournament. PepsiCo has also got the official pouring rights for all the 8 teams that participated in the event.

But this did not positively affect the sales of the official sponsor positively. Year-on-year comparisons show that PepsiCo’s market share in the beverages industry in April slipped to 29.7% from 32.1% a year earlier. Coca cola used a combined marketing strategy of price reduction. Coca-Cola has gained share on the back of lowering prices of 200-ml glass bottles to Rs 8 in most markets, heavy trade discounting and aggressive push

of multi-serve packs, including the recently launched 400-ml PET bottles, 300-ml glass bottles and 500-ml PET bottles. Coca-Cola had selectively reduced prices of 200-ml glass bottles to Rs 8 last year, despite the price point being a drag on its profitability.

Coca-Cola increased its market share to 48.3% from 45.8%, they said. The data, by volume, includes shares of all beverages — aerated drinks, water and juices — they said, adding that both the beverages majors increased their overall sales. While both firms improved their market share in April over the previous month, even here, Coca-Cola grew faster. The firm has said it is working on accelerating its distribution footprint from the existing 2.2 million outlets to 2.4 million outlets by the yearend. The soft drink industry, at Rs 14,000-crore, is dominated by the two top players, with smaller ones like RC Cola and Campa Cola selling marginally in small towns.

V. CONCLUSION

There are arguments in favor of and against the concept of attaching the brand to an event which already sold sponsorship rights to the competitor. It is a matter of ethics and decision of the managers to keep the actions within ethical limits. The legal regulations are becoming stricter toward these acts, so it is advisable not to spoil the goodwill over the sales figures as goodwill will serve in long term.

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