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\$750 million of Neutral News Coverage
A Content Analysis of Nextel's Media Exposure
Before and After Becoming NASCAR's Primary Corporate Sponsor

A thesis
presented to
the faculty of the Department of Communication
East Tennessee State University

In partial fulfillment
of the requirements for the degree
Master of Arts in Professional Communication

by
Joshua Tod Watson
December 2006

Dr. John King
Dr. Jack Mooney
Dr. Craig Turner

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ABSTRACT

\$750 million of Neutral News Coverage

A Content Analysis of Nextel's Media Exposure

Before and After Becoming NASCAR's Primary Corporate Sponsor

by

Joshua Tod Watson

This study examined the exposure of the Nextel brand name in major U.S. newspapers 1 year before and after Nextel became the primary sponsor of the North American Stock Car Association of Racing. A content analysis of 576 newspaper articles was performed. The hypotheses tested the quantity and quality of Nextel's coverage, as well where the stories were appearing and where the brand was being used in the stories.

The study found the number of Nextel mentions in year two was almost 4 times as many as year one. The data reveal a dramatic increase in cases found in sports stories. In regard to value, Nextel's NASCAR sponsorship resulted in less negative and considerably more neutral media coverage. However, Nextel's mentions also became less positive. Nextel mentions associated with NASCAR increased in year two, from none in year one to 62.5 % of all cases in year two.

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CHAPTER 1

INTRODUCTION

The North American Stock Car Association of Racing (NASCAR) started in 1947, borne out of a culture of bootlegging in the Appalachian hills (Graham, 1999). For 20 years NASCAR floundered as little more than an after-work hobby for blue-collar workers in the southeast (Miller, 2002, 5-6). What the motor sport lacked was funding. In 1971 NASCAR's key to growth was created when R.J. Reynolds' (RJR) Winston cigarettes agreed to become the primary sponsor for the NASCAR race season (Adarnson et al., 2005, p. 2). Winston agreed to renovate and expand NASCAR's racetracks, and NASCAR agreed to let Winston paint the stands and walls in Winston colors, while "Miss Winston" handed out free packs of cigarettes at races (Clarke, 2003). What was known as the NASCAR Grand National racing series changed to the NASCAR Winston Cup racing series (NASCAR, 2005). It was a relationship of convenience that made both parties happy. NASCAR could claim more legitimacy and Winston could advertise in ways that were not prohibited by the Federal government (Clarke, 2003).

By the time the 21st Century had arrived, NASCAR's popularity and success had mushroomed far beyond its whiskey-running roots. The sport had grown into a multi-billion dollar industry claiming a following of 75 million loyal fans. At the end of 2003 NASCAR boasted total race attendance of 6.7 million, broadcast television viewership that averaged 9 million a race, and \$2.1 billion in sales of NASCAR licensed merchandise (Benjamin, 2004).

However, NASCAR's dramatic ascension coincided with the exact opposite experience for RJR. In the late 1990s and early part of this century the company experienced a number of burdensome tobacco lawsuits. As a result of the 1998 tobacco Master Settlement Agreement (MSA), RJR could only sponsor one brand name sponsorship per year, and only an event "...in

which the intended audience [was] not comprised of a significant percentage of youth” (Daynard et al., 1999, p. 49). The MSA did not immediately affect RJR’s sponsorship of NASCAR because it was argued that NASCAR event audiences were not comprised of a significant percentage of youth (Glick, 1999). These developments, along with rising taxes and declining market share, brought a need for leaner operations and less visibility of cigarette advertising in “family” settings such as NASCAR races. By January 2003 RJR decided it was time to make major changes in its mass communication practices.

That year RJR informed NASCAR it could seek another sponsor, even though 4 years remained on their \$250 million deal. NASCAR announced in June that cell phone company Nextel Communications, Inc., at the time the nation’s fifth largest wireless carrier, had agreed to a 10-year, \$750 million sponsorship agreement (Covitz, 2003). For almost 40 years NASCAR’s primary sponsor could not advertise on television or radio or to children. With Nextel on board NASCAR had a sponsor with no advertising restrictions and that sold a product that all teens wanted or owned. This was significant because the number of teens watching NASCAR had doubled since it became available on network television in 2001 (Covitz, 2003). Nextel also allowed the sport to distance itself from the southern-based culture of tobacco, while identifying with the mass appeal of telecommunications technology. After 33 years, all the free media exposure that Winston received from news coverage of NASCAR’s events was gone, purchased for \$750 million by Nextel. But what exactly did that \$750 million do for Nextel?

In an attempt to measure the impact of Nextel’s sponsorship on its newspaper coverage, this study examined the quantity and quality of mentions of the Nextel brand in major newspapers in the United States the year before and the first year after becoming the primary sponsor of NASCAR.

CHAPTER 2

LITERATURE REVIEW

Corporate Sponsorship: Growth, History, and Definition

The growth of sponsorship spending has been increasing for more than twenty years. Worldwide sponsorship expenditures increased from only \$1 billion in 1980, to \$24 billion in 2001, while sponsors spent over \$100 billion just to promote their sponsorships (Cornwell & Maignan, 1998; Hoek, Gendall, & Lynch, 2002; IEG, 2002; Worldwide, 2001; Sandler & Shani, 1989; Speed & Thompson, 2000; Walliser, 2003). In just one 10-year period, 1986 to 1996, sponsorships spending as a percentage of worldwide advertising expenditures rose from approximately 3 % to 5.7 % (Meenaghan, 1998, p. 4). Additionally, sponsorships from North American corporations increased 12 % from 1996 to 1998 to \$7.6 billion (IEG, 1999; Tripodi et al., 2003). Large companies such as Coca-Cola and Anheuser-Bush are spending over \$100 million annually on sponsorships. These totals are just the rights fees to be a sponsor. Companies often spend an amount equal to or greater than the rights fee to promote the sponsorship. In fact, it has been estimated that if the title sponsor of a college football bowl game wants its name kept in the title on the [television] broadcast, it must also buy about 25 % of the ad time (IEG, 2002). Activities that have been used with this corporate marketing instrument include arts, music, education, broadcasts, as well as social and environmental causes. However, in 1998 approximately 67 % of sponsorship expenditures was on sports properties (Meenaghan, 1998, p. 4).

Sponsorship does not have an extensive history. According to Glowa (2002), “Standard Oil and Firestone are considered pioneers in North American sport marketing with their involvement in auto racing during the 1920s...,” though this promotional tool really experienced popularity following the 1984 Olympic Games in Los Angeles (Tripodi, 2001, p. 3). Some ascribe sponsorship’s accelerated growth to advertising clutter and legal constraints to advertising, as well as increased media costs, consumers’ changing habits in regard to traditional media, and the need to more directly target specific demographic markets (Belch & Belch, 1995; Shimp, 1997; Walliser, 2003).

Researchers have not agreed on an accepted definition of sponsorship, but common elements can be found. Most definitions agree that “...sponsorship is based on an exchange between sponsor and sponsored, and pursues marketing (communication) objectives by exploiting the association between the two (Walliser, 2003, p. 3).” Having a second party that is being sponsored distinguishes sponsorship from advertising, while commercial objectives distinguish it from philanthropy (Speed & Thompson, 2000, p. 226). Though sponsorship has often been misconceived as a form of advertising, sponsorship and advertising are increasingly being considered as complementary parts of an integrated marketing communication strategy (Tripodi, 2001, p. 7-8). While both seek to increase awareness and image recognition, they do have differences. Advertising is usually “...more direct, explicit and more easily controlled...,” while sponsorship can overcome some advertising clutter (Walliser, 2003, p. 12).

Sponsorship has also been described as an important element an integrated marketing communication strategy because of its ability to create value-added public relations. With significant supplemental investments and proper management, sponsorships can help companies build their brand image in the media while also increasing sales volume (Harris, 1998, p. 159,

165). A good example is Coca-Cola's sponsorship of the 1996 Olympic Games. Though they spent over \$100 million on television advertising and sponsorship fees, the company also had a contest to select 10,000 Americans to carry the torch for the Olympic Torch Relay prior to the start of the Olympics (Harris, 1998, p. 160-161). This 15,000-mile journey across 42 states created unprecedented media exposure on local, national, and international levels at a cost significantly less than one television commercial during the Olympics (Harris, 1998, p. 160). Perhaps Nextel recognized sponsorship's potential to cost-effectively drive sales and exposure when the company chose to partner with NASCAR.

Sports Sponsorship

In 2003, corporations spent \$10.25 billion on sponsorships in North America with 90 % directed toward sports events (Hiestand, 2003). This amount comprises a small, yet significant part of the \$128.5 billion spent on all U.S. advertising in 2003 (U.S. advertising, 2005), as well as the \$213 billion U.S. sport industry (Broughton, Lee, & Nethery, 1999). According to Abratt, Clayton, and Pitt (1987), the three main reasons for sponsoring sports events were potential television coverage, corporate image promotion, and the potential for spectators to become customers. In addition, sponsorship allows smaller companies to combat the massive advertising budgets of their larger competitors. Indeed, "...for many companies, the cost of purchasing the television and print exposure their sponsorships garner would be unaffordable (IEG, 2002)."

Another objective that drives sports sponsorship is to differentiate products from competitors through category exclusivity, which has been repeatedly cited by companies as sponsorship's most important benefit been (IEG, 2002). These two reasons certainly are significant benefits for

Nextel, a company with a much smaller advertising budget than its competitors, Cingular and Verizon (and Sprint before it bought Nextel).

Again, researchers have not agreed on one standard definition of sports sponsorship. Tripodi (2001) provides the following definition that includes the most common elements cited by researchers: “The provision of assistance by a commercial organisation (sponsor), in cash or kind, to a sports property (sponsee), in exchange for the rights to be associated with that sports property for the purpose of gaining commercial and economic advantage (p. 2).”

For this research study, Nextel was the sponsor that was analyzed, while NASCAR was the sponsee. The study measured one aspect of the commercial effect created by Nextel’s sponsorship investment in NASCAR. In regard to media exposure in U.S. newspapers, this study asked just what did Nextel receive in return for its \$750 million investment?

Sponsorship Effects

Researchers have asserted that there are a number of goals and objectives that sponsorships are used to achieve. Some cigarette manufacturers have claimed they use sports sponsorships to reinforce brand loyalty and to cause individuals to switch brand loyalty (Duffy, 1996). Sports sponsorship has also proven to be an effective method for developing sustainable competitive advantage, especially if the sponsor can exclude competitors from sponsorship activities (Amis, Pant, & Slack, 1997; IEG, 2002; Pitts & Stotlar, 1996). Another important communications objective is image enhancement, in which sponsors try to create positive cognitive associations in consumers’ memories about a brand (Keller, 1998; Madrigal, 2001). Sponsors also seek to create and expand consumer awareness of the sponsor company’s products and services (Busser et al., 2002, p. 3). According to Gladden et al. (1998), “...awareness is the

likelihood and ease with which a brand name will be recalled by consumers (p. 3).” Marketers use sponsorship to “...increase brand awareness by exposing the brand to as many potential consumers as possible through the use of on-site signage, identification on printed promotional materials and media coverage (Gwinner, 1997, p. 49).”

There are also a number of effects that researchers assert sponsorship can foster. By increasing consumer awareness, sponsors try to influence the development and depth of brand association and increase the chance that consumers will select a brand or product (Busser et al., 2001; Gladden et al., 1998). Sponsorship has also been found to help shape certain dimensions of a brand’s image (Gwinner, 1997; Walliser, 2003). In sports sponsorship there is a “...non-verbal association between a company and a sport...,” that is “...believed to act at both cognitive and affective levels to build a firm’s identity...” and to favorably “...impress its customers (Quester & Lardinoit, 2001, p. 1).” Pham and Vanhuele (1998) argue that sponsorship can leave a memory trace that even at a superficial level can enhance access to the foundational meaning of the brand. While some researchers have argued that sponsorship can only reinforce prior beliefs, others have asserted that it cannot turn non-users into users, nor can it reverse prior negative perceptions (Glowa, 2002; Hoek, 1999; McDonald, 1991). However, some researchers assert that consumer behavior can be driven by a consumer’s familiarity and favorable association for a brand, which then can foster increased brand popularity and “...loyalty as measured through repeat buying (Anschuetz, 1997; Keller, 1998).” In fact, Valencia et al., (2004) argued that sponsorship can enhance brand image by helping create brand familiarity, which, complemented by advertising, promotes likeability and translates into purchase behavior (Kennedy et al., 2000).

Image Transference

One specific process through which researchers argue sponsorship enhances image is image transference. Researchers have proposed that sponsorship is based on the “image transfer model,” by which a sponsor can share in the image of the sponsored event in the same way that a product shares in the image of a celebrity who endorses it (Glowa, 2002; Gwinner & Eaton, 1999). The sponsor hopes that because of its linkage with an event, consumers will “...form a positive impression of the company...,” and “...feelings of goodwill toward the event...” will result “...in feelings of goodwill toward the sponsor (Glowa, 2002, p. 5).” Thus a “halo effect” might then suggest to consumers that the sponsor’s products are superior to the competitors’. This is especially noticeable for events or organizations that a target audience values highly, such as sports teams, where positive attitudes toward the sponsored event can be associated with a positive response toward the sponsor (Crimins & Horn, 1996; Speed & Thompson, 2000). There are two main theories that have been proposed to explain how images are enhanced through transference.

Classical Conditioning

One theory that has been used to explain the potential image transference effects of sponsorships is classical conditioning. The potential function of this theory in persuasion has been used to explain the use of celebrity endorsements in movies (Balasubramanian, 1994). The focus of this assertion is the development of a positive “paired-association” between an unconditional stimulus (a favorable endorser image) and a conditional stimulus (the product), when celebrity spokespersons are involved in ads and product placements. Similarly, sponsorship communication seeks to inform a target market that a company is sponsoring an

event; therefore, consumers are simultaneously presented with two stimuli (the sponsor and the event), and thus a "...situation where learning through classical conditioning may occur (Speed & Thompson, 2000, p. 227)." Balasubramanian (1994) further argues that the editorial environment for placements lasts considerably longer, and permits repetition and reinforcement of the paired-association in a more natural manner than expensive and obtrusive advertising messages (p. 38). This may speak toward the value and potential of sports sponsorships in regard to print media exposure because a sport's sponsors are often repeatedly mentioned in news coverage of that sport (Armstrong, 2004, p. 24).

In advertising, classical conditioning has been used to explain how positive feelings can be easily transferred from a marketing communication message to a brand. Using Tylenol as an example, researchers have asserted that for product marketers, repeated pairings of an unconditioned stimulus (such as a beautiful sunset) with a conditioned stimulus (such as Tylenol) can cause the conditioned stimulus (Tylenol) to automatically evoke a conditioned response (the same positive feeling that the sunset evokes) (Baker, 1999; Shimp et al., 1991)."

Theory of Mere Exposure

Another theory that has been used to explain the potential image transference effects of sponsorship is the theory of mere exposure. Zajonc's (1980) mere exposure effects research suggests that intervening attitudes, such as liking, interest, and relevance are not necessary for response to a stimulus. The mere exposure effect has been defined as the tendency for repeated exposures to enhance an affective response such as liking (Baker, 1999; Bornstein, 1989; Epley & Elrod, 2005; Zajonc, 1968). Using the Thordike-Lorge count (a compilation of how often words are used in English texts) Zajonc (1968) noted that some of the most positive words in the English language are those that are encountered most often, while some of the most negative

words are far less common. In advertising, researchers have found that mere exposure procedures only require that consumers be repeatedly exposed to a brand name without an accompanying message (Baker, 1999; Bornstein, 1989, Zajonc, 1968). This is exactly what occurs when Nextel's name is included in news coverage of NASCAR events. The potential of mere exposure is that it is easier to implement than classical conditioning because it only requires the presentation of the brand name, yet it can produce an identical effect. Mere exposure procedures do not require the pairing of the brand name with other "affect-evoking information," yet they can still create positive feelings that influence the brand choice process (Baker, 1999, p. 34).

Effects of Mere Exposure

There are a number of effects that mere exposure has been argued to create. Numerous research studies have shown that the mere repeated exposure of a stimulus increases its attractiveness (Kunst-Wilson, 1980; Zajonc, 1968). Busser et al., (2002) assert that constant repetition can embed a stimulus in the mind and eventually lead to a desired effect (p. 7). Other researchers have found that mere exposure effects can lead to a higher evaluation of a product when advertising responses are automatic and unconscious, and in low involvement situations with short exposure (Bornstein, 1989; Grunert, 1996). In the case of print media coverage of a sponsored sport, the sponsor's name is included in stories in a manner that can be described as low involvement with short exposure. In addition, the consumption of news about a sponsored sport can become automatic and unconscious as the reader just accepts that the sponsor's name is always included in the sport's coverage. And Woodside (1994) concluded that mere exposure

advertisements might have an influence on the consumer even if the consumer does not notice the advertisements.

Exposure frequency has been shown to significantly influence brand preference and choice (Baker, 1999; Becknell, Wilson, & Baird, 1963). When choosing between brands that have many similarities, mere exposure effects may act as tie-breakers that encourage a consumer to have a more favorable attitude toward the brand (Baker, 1999, p. 36). In fact, when brand names are part of information that is not being pursued, exposure may cause an individual to form a subconscious memory that can influence the subsequent perception, evaluation and interpretation of the brand. Later encounters with the brand will result in an enhanced perception of the brand that will provide a feeling of familiarity, which will be interpreted as a positive feeling toward the brand (Jacoby, Lindsay, & Toth, 1992; Janiszewski, 1993; Janiszewski, 1990; Mandler et al., 1987). This promotion of liking brought on by familiarity, which further promotes attention, has been described as a reason why brand managers engaged in event sponsorships should heavily promote their brand name rather than messages (Janiszewski, 1993, p. 388). In fact, this feeling of familiarity has been interpreted as a preference for the stimulus even though individuals are not aware of the preference formation process (Bornstein 1989; Janiszewski, 1993; Mandler et al., 1987; Zajonc 1980).

Incidental Mere Exposure

An area of mere exposure research that is relevant to sponsorships is the effect that can be created by incidental exposure to a stimulus. It has been argued that repeated exposure simply provides people with more information, and thus people like objects that they know more about rather than objects that are simply more familiar (Epley & Elrod, 2005). Certainly, if a person

decides to learn more information about an object, the person may find more reasons to like the object. However, this counter-argument only seems reasonable for information gathered consciously, not information presented subliminally, or for information that a person is exposed to incidentally. In fact, research has demonstrated that even exposure subliminally presented can enhance one's liking for those stimuli (Epley & Elrod, 2005; Kunst-Wilson, 1980). According to Kunst-Wilson (1980) exposure enables an individual to learn about a stimulus and improves the ability to recognize, discriminate, and categorize the stimulus object without "extensive participation of the cognitive system (p. 557, 558)." Janiszewski (1993) echoed as much when he argued that attention or motivated consideration of the brand name is not important to creating a benefit of exposure; incidental exposure is sufficient to foster familiarity (p. 388). Others have argued that heavy brand name exposure that is not accompanied with advertising messages may be able to give a brand an advantage over its competitors because the exposure makes consumers more comfortable with the brand (Baker, 1999, p. 35). Nextel's media mentions in sports stories about NASCAR news are examples of brand name exposure that are not accompanied with advertising messages about Nextel. The media mentions simply attach the Nextel name to racing news. Though not as much so as watching television or listening to the radio, the reading of news in newspapers has been called a leisurely approach to processing, an incidental task where there is no goal or objective associated with the processing of advertising stimulus information (e. g., a sports fan is not reading for the purpose of being exposed to or learning more about a sport's sponsor). Simply stated, close attention is not necessary for positive mere exposure effects to occur (Greenwald & Leavitt, 1984; Janiszewski, 1993).

Sponsorship Evaluation

Sponsorship evaluation is made difficult by the simultaneous use of several communication tools that can result in interaction effects (Walliser, 2003, p. 5). However, one way to measure the effectiveness of sponsorships is to examine the media exposure generated. Admittedly this does not measure awareness, recall, or even consumer behavior, but “exposure is a necessary precondition for awareness of a sponsorship association to exist” (Speed & Thompson, 2000, pp. 236-237). In addition, exposure is a necessary first step in the persuasion process as marketers seek to teach fans about the rewards of specific consumer behaviors (Bandura, 1982, 1986, 1994, 1997; McGuire, 2001). The quantity and quality of exposure is often measured by comparing the value of media that is generated by the sponsorship to the cost of equal, rate-card advertising space or time (Cortez, 1992; Kate, 1995; Speed & Thompson, 2000; Tripodi et al., 2003). Some researchers have disputed that media exposure can be equally compared to advertising, asserting that hockey arena displays need 8-20 times more exposure than a commercial to achieve a similar impact (Crimmins & Horn, 1996). Regardless, companies continue to make the comparison. FedEx spent approximately \$16 million to sponsor a NASCAR driver in 2005 while claiming that a top-25 team will generate \$50 million worth of television exposure (Weir, 2004). For just one race in 2002, it was estimated that the primary sponsor at the time, Winston, was seen or mentioned a total of 25 minutes during the race, the equivalent of \$7.6 million in advertising (Wolf, 2002). With 36 races in a season, that time amounted to almost \$274 million in 2002.

Sports and NASCAR Fans: Attitudes and Behaviors

The attitudes and behaviors of sports fans are especially relevant to the study of sponsorship because the majority of sponsorship expenditures are spent on sports events. Lardinoit and Derbaix (2001) describe sports fans as having a "...genuine enthusiasm, a strong and solid interest that comes from the relevance of an object for the individual..." which "...leads the individual to watch events on television, and consequently, it increases the exposure of the viewer to the sponsor's stimuli (p. 170)." In regard to college football fans, Madrigal (2000) found that fan identification can transfer from support of a team to support of sponsors of that team (p. 19). This finding is particularly relevant to the present study because one survey revealed that 70 % of NASCAR fans purchase the products of NASCAR sponsors (Loyal, 1994; Trusdell, 1997). Another probability survey of 1,000 NASCAR fans revealed that 71 % of those surveyed almost always or frequently chose brands of NASCAR sponsors over competitors because of the sponsorship, and 42 % said they switched brands after a manufacturer became a sponsor (IEG, 1994). Almost 60 % of the respondents said they had higher trust in products offered by NASCAR sponsors. These fans provide golden opportunities to advertisers looking for product loyal consumers. Clearly, based on those surveyed, NASCAR fans exemplify a group norm to purchase sponsored products. This group norm is borne out of a fan's social alliance between the fan and the sport or team, demonstrating that "higher levels of team identification...appear to be positively related to intentions to purchase a sponsor's products (Madrigal, 2000; Madrigal, 2001)."

Social Identity Theory

The theory that researchers use to help explain the social alliances of sports fans is Tajfel's social identity theory (1982). Madrigal explains that "...social alliance is conceptualized...using a social identity framework... [that] suggests discrete social categories such as organizational memberships...often become incorporated inextricably with a person's sense of self (2000, p. 13)." Those who are most highly identified create a strong self-categorization that involves the acceptance of the group's norms. Some have even described modern American society as a "...culture in which commodities are consumed not only to satisfy needs or wants but also to construct a social identity and structure interpersonal interactions (Ogle et al., 2004, p. 719)." This appears to be true in the context of NASCAR fans and their purchasing intentions in regard to sponsors. An individual's connection to a cause, event or sports team is similar to Belk's idea of an extended self, which suggests individuals form emotional attachments to physical possessions, places, people and groups (Belk, 1988; Madrigal, 2000). Therefore, "...an important benefit derived from sponsorship is the opportunity for a company to link itself to an object that constitutes part of a consumer's extended self (Madrigal, 2000, p. 20)." The power of connecting with this extended self is so strong that Stipp and Schiavone (1996) suggest that when an audience has a high regard for an event, individuals may respond positively toward a sponsor that individuals do not even like.

Sponsorship and NASCAR

Simply stated, sponsorship drives NASCAR, a sport that is showing no signs of slowing in its growth or dependence on sponsorship dollars (Wolf, 2002). More than 1,100 companies pay more than a combined \$1 billion a year to attach their names to all things NASCAR (Mahar

et al., 2004). By 2002, NASCAR team sponsorship costs had doubled since 1998, requiring an estimated \$8 million and 80 to 160 employees (Wolf, 2002). While some sports events allow minimal field exposure for a sponsor, a sponsor of a race car team gets identification in front of the audiences at every event in which the team competes, even if they are not an event sponsor, as well as on television, even if they don't buy ad time (IEG, 2002). Others have asserted that sponsors of motor sports "...enjoy longer sequences of visibility than a sponsor whose logo is simply displayed around the perimeter of a playing field (Lardinoit & Derbaix, 2001, p. 184)."

Of course, what sponsors are most interested in is access to NASCAR's growing fan base. From 2002 to 2004 NASCAR's television audience increased substantially due to a \$2.4 billion deal with NBC, Fox, and TNT. In 2001, NASCAR ratings increased 32 % over 2000's levels (Wolf, 2002), and from 1993-1998, NASCAR's television ratings increased 19 % on network broadcasts and 33 % on cable broadcasts (Graham, 1999). In addition, 17 of the 20 largest sporting events in the U.S. are NASCAR races (For many, 2004; Heilemann, 2005). Attendance at NASCAR events climbed 60 % from 1991 to 1996, and sent sponsors scrambling to reach those fans, mostly comprised of middle aged married males who make less than \$40,000, work a blue collar job and, have no more than a high school education (Oliver, 1996; Stock, 1999). NASCAR claims 75 million fans, with 40 % being women and 42 % earning over \$50,000 a year. Forty million of those fans spend 8 or more hours a week watching, listening to, or reading about NASCAR, and in 2004 they spent over \$2 billion on NASCAR merchandise (Heilemann, 2005). However, this increased popularity has brought with it increased marketing fees. In 2004, the cost to sponsor a team was an estimated \$16 million (Weir, 2004). In addition, Mahar et al., (2004) reported that companies that sponsored individual NASCAR teams suffered negative stock price returns following a race in which the team was involved in an accident.

Regardless of the increasing costs of participating in the Nextel Cup, NASCAR believes the sport has huge growth potential internationally. Races are already broadcast in 151 countries in 21 languages, and NASCAR has identified Brazil, Canada, England, Germany, Japan, and Mexico as its key new markets (James, 2004). In fact, the Pacific Rim has been projected to be the fastest growing area in the world, an area where corporate spending on sports sponsorship has been steadily increasing (Cheng & Stotlar, 2000, p. 1). From 2001 to 2004, the number of foreign drivers in NASCAR increased from zero to 15 (James, 2004). It appears that NASCAR wants to increase its involvement with large multinational firms who view sports sponsorship of international events as a way to associate with the emotions unleashed during those events, emotions that need no translation (Quester & Lardinoit, 2001, p. 1).

Sponsorship and the Network Paradigm

In an audit of extant studies on global sponsorship, one researcher found very little discussion of the role of networks in corporate sponsorship. This topic of research is relevant to the current study because sponsorships are agreements between two organizations for the purpose of bettering both parties. Based in management literature, Jarillo (1988) defines strategic networks as "...long-term purposeful arrangements among distinct but related for-profit organisations that allow those firms to gain or sustain competitive advantage vis-à-vis their competitors outside the network (p. 32)." Strategic network research often examines networks as a kind of organizational resource that is valuable, rare, and difficult to imitate (Barney, 1991; Wang et al., 2004), presuming that "...actors are driven by a search for competitive advantage (Ahuja, 2000, p. 339)." Other researchers have described alliance formation as a dynamic capability or a valuable resource that can be used to achieve and maintain a competitive

advantage (Eisenhardt & Martin, 2000; Moller et al., 2002). In regard to sponsorships, the sponsor and the sponsee both gain access to resources to which they could not secure by themselves. Examining sponsorship from this perspective would make it "...possible to deepen the understanding of the nature of the exchange process inherent to sponsorship (Walliser, 2003, p. 5)."

Network research might even help "...specify the links between the sponsorship company, its internal and external audiences, the sponsored activities, the media, the intermediaries and regulatory organizations (Walliser, 2003, p. 10)." As more brands sponsor the same event, it becomes more difficult for each of them to achieve its desired effects. Perhaps companies that are faced with limited resources and technical and market uncertainty, while lacking complementary assets, may decide to gain access to them through interfirm agreements rather than through acquisition or in-house development (Ahuja, 2000; Mitchell & Singh, 1996; Shan, 1990). In June 2005, it was announced that Nextel had agreed to be purchased by Sprint (Kessler, 2004). Perhaps one reason Nextel sought to acquire the resource of product loyal fans from NASCAR was so that Nextel would be more attractive to a potential buyer such as Sprint.

Networks have also been analyzed from the social science perspective of institutional theory. In regard to management, this theory suggests that an environment exerts pressures on organizations to appear legitimate and conform to prevailing social norms to avoid isolation, which can be achieved through inter-organizational relationships (DiMaggio & Powell, 1983; Rumyantseva & Tretyak, 2003). Smaller companies, such as Nextel, may use highly visible sponsorships for the purpose of validating their position relative to their larger and more funded competitors such as Cingular and Verizon.

CHAPTER 3
RESEARCH QUESTIONS AND HYPOTHESES

Introduction

The researchers studied the frequency of the appearance of Nextel's name in major newspapers in the U.S. the year before and the first year after becoming the primary sponsor of NASCAR. Major newspapers were those listed in the Major Newspapers subsection of the General News category in the Lexis-Nexis News search. This list can be found in the appendix. A content analysis of major newspapers was conducted and a comparison was made for both years. The questions this study addressed were, Did Nextel receive an increase or a decrease in the mention of its name in major newspapers after becoming a sponsor?, and What was the quantity and quality of that change (Lynch & King, 2005, p. 2)? This study is relevant to sponsorship research because this particular sponsorship deal is one of the most recent and expensive deals struck in the United States. With sponsorship demonstrating continued growth, sponsors and sponsees need as much information as possible to understand what the print media effects are of these multi-million dollar investments.

Hypotheses

Hypotheses were formed on the expectations gained from the literature review. There are five hypotheses that were tested in this study.

Hypothesis one measured how many times the Nextel brand was mentioned in the newspapers before and after becoming the primary sponsor of NASCAR.

Hypothesis 1: Becoming the primary sponsor of NASCAR will result in increased frequencies of mentions in newspapers for Nextel compared to frequencies before becoming the sponsor.

The second hypothesis was designed to measure whether the Nextel brand was placed in more prominent pages in the newspapers after becoming the primary sponsor of NASCAR compared to before becoming the sponsor. For example, were mentions of Nextel more frequently found on front pages, section front pages, or inside pages after becoming the primary sponsor of NASCAR?

Hypothesis 2: Becoming the primary sponsor of NASCAR will result in more prominent page placement in newspapers for Nextel compared to page placement before becoming the sponsor.

The third hypothesis measured whether the Nextel brand was mentioned more prominently in newspaper stories after becoming the sponsor compared to before. In other words, was the brand mention more likely to show up in prominent positions such as headlines, leads, paired with graphics, or pull quotes, or were they more likely to be buried in the body of the story?

Hypothesis 3: Becoming the primary sponsor of NASCAR will result in Nextel being mentioned more prominently in newspaper stories compared to before becoming the sponsor.

The fourth hypothesis asked whether mentions of the Nextel brand in the newspapers would be more favorable or negative after Nextel became the NASCAR sponsor compared to before becoming the sponsor (Husslebee & Elliott, 2002, p. 840). This was another value-added situation because positive attributes of Nextel as the sponsor of NASCAR would likely provide readers with positive impressions about Nextel. According to the theory of mere exposure, the

increased exposure should have resulted in more positive feelings toward Nextel, and thus more positive coverage.

Hypothesis 4: Becoming the primary sponsor of NASCAR will result in more positive attributes associated with the Nextel brand compared to before becoming the sponsor.

The last hypothesis asked whether mentions of the Nextel brand in the newspapers were associated with NASCAR news more than other types of news (i.e., business or other sports news) after becoming the primary sponsor of NASCAR.

Hypothesis 5: Becoming the primary sponsor of NASCAR will result in more mentions of the Nextel brand with NASCAR events than any other type of news compared to Nextel's newspaper mentions before becoming the sponsor.

Exploratory Question

One exploratory question was examined during the research. Of the mentions of the Nextel brand in newspapers that were associated with NASCAR news, how many focused on speculation about the sponsorship before it was announced. Companies, such as Apple Computers, are very adept at using rumors to help create public relations buzz about new business decisions. Perhaps Nextel and NASCAR wanted to create additional press coverage by letting rumors swirl for a while before making the sponsorship decision official.

Exploratory Question 1: Of the first year newspaper mentions of the Nextel brand that were associated with NASCAR news, how many mentions focused on speculation before the sponsorship announcement?

CHAPTER 4

METHODS

Introduction

The researchers conducted a quantitative content analysis of newspaper articles from United States newspapers, gathered using the Lexis-Nexis database, published June 16, 2002, through June 17, 2004. This included 1 year before June 17, 2003, the day NASCAR announced Nextel as the new primary sponsor, and 1 year after that day. The mentions were compiled from categories and sub-categories of the News search in Lexis-Nexis.

Research Design and Coding

The unit of analysis was any mention of Nextel (the search root) published in any part of the newspaper stories archived by Lexis-Nexis. The independent variable was the brand name (Nextel). Dependent variables were story type (sports, business, politics, editorial, etc.), page placement (front page/section front or inside page), mention placement (text in headline, lead, cutline/pull quote/attached to a graphic or body text), value (positive, negative, or neutral), and whether the mention was about speculation before the announcement. Whether or not the mention was associated with NASCAR was also included. For a mention of Nextel to be coded as related to NASCAR, the term NASCAR had to be in the same or adjacent sentence as the term Nextel. Each mention of Nextel was coded separately. The front page was defined as the very first page of the newspaper, identified as A1 or 1A. The section front was the first page of any section other than the front page, such as B1 or C1. The code sheet can be found in the Appendix.

A constructed week method of sampling was used. Four constructed weeks were created, two for each year, resulting in 28 days being analyzed. According to Riffe et al., (1993), "...constructed week sampling...requires that all the different days of the week be represented (p. 134)." In fact, a constructed week sampling for newspapers generates "...better estimates than purely random samples of days because they avoid the possibility of over sampling Sundays or Saturdays (p. 139)." This was especially important for this study because NASCAR races are held on Saturdays or Sundays.

An intercoder reliability test using two coders was used. The coding instruments were a coding sheet and Lexis-Nexis. The coders examined newspaper coverage of Nextel from April 4, 2005, to May 2, 2005. This time period was chosen because it is outside the timeframe of the current study and because three NASCAR races occurred during those 4 weeks, thus ensuring a significant amount of Nextel mentions.

Testing of intercoder reliability achieved a 90 % or better level on all variables. Intercoder reliability for the independent variable, Nextel, achieved a 100 % level. Story type achieved a 96 % level and page placement achieved a 100 % level. Intercoder reliability for mention placement achieved a 96 % level and value achieved a 96 % level. Whether the mentions was associated with NASCAR achieved a 100 % level.

Hypotheses were tested using Chi-square analysis with SPSS software. The level of significance was set at 0.05.

The lead was defined as the first sentence of the story. The name was considered buried if it occurred anywhere else in the story other than the first paragraph. Frequencies were counted for city published, page placement, story placement, publication date, and paper name for all mentions of Nextel.

Limitations

The only newspapers included in the study were those available on Lexis-Nexis. A much larger study would be possible using newspapers other than those available on Lexis-Nexis.

Also not included were magazines or Internet articles because the study focused solely on Nextel's media coverage by newspapers. Further study could include magazines, Internet articles, radio broadcasts, and television broadcasts.

The time frame of the study was also a limitation. Further study could examine additional years before and after Nextel became NASCAR's primary sponsor. Perhaps as each subsequent NASCAR season unfolds, Nextel is receiving less media mentions because the novelty of the new sponsorship may have worn off. Further research could also measure how the mentions of Winston in NASCAR stories in Winston's last year as the primary sponsor compared to the number of mentions that Nextel received its first year. Additionally, a longitudinal study could examine the same aspect, but it could look at Winston's last 3 years compared to Nextel's first 3 years. Other studies could examine how much exposure Alltel and Cingular are receiving. These two NASCAR team sponsors were grandfathered in, but no other wireless companies are allowed as sponsors while Nextel is the primary sponsor (Clarke, 2003).

CHAPTER 5

RESULTS

Introduction

The results section shows the data obtained when running frequencies and chi square tests involving the different research questions and hypotheses. The quantitative data are matched with each hypothesis to determine if the content analysis supports the hypothesis.

The frequency data are presented first to show an overview of the type of research conducted and to give a general idea of the recorded cases.

Frequencies

As seen in Table 1, there were 123 mentions of Nextel in the first year and 453 mentions of Nextel in the second year, a 268 % increase. There were 85 different newspapers that were coded. A list can be found in the appendix. In addition, coder one recorded 340 cases and coder two coded 236 cases.

Table 1
Frequency of Nextel Mentions

| | Frequency |
|-------------------------------------|-------------|
| Year | |
| 1 | 123 |
| 2 | 453 |
| | |
| Total | 576 |
| Percent Change from Y1 to Y2 | 268% |

NOTE = n = 576

There were nine different types of stories coded. However, as seen in Table 2, only three types of stories met the expected count for each cell: general news, sports, and business. There were 33 general news stories in year one and 52 in year two for a 57 % increase. There were zero sports stories the first year and 282 sport stories the second year. There were 72 business stories the first year and 99 in year two, a 37 % increase. The number of cases found in all other story types increased from 18 in year one to 20 in year two, two, an 11 % increase.

Table 2
Types of Stories that Mentioned Nextel

| | Story Type | | | |
|-------------------------------------|---------------------|---------------|-----------------|------------------|
| | General News | Sports | Business | All Other |
| Year 1 | 33 | 0 | 72 | 18 |
| Year 2 | 52 | 282 | 99 | 20 |
| Total | 85 | 282 | 171 | 38 |
| Percent Change from Y1 to Y2 | 57% | --- | 37% | 11% |

NOTE = $\chi^2 = 151.17$, $df = 3$, $p < .001$, $n = 576$

There were four different page placements coded. Initially, the front page of a newspaper was coded separately from the front page of a newspaper section. However, there were only seven overall front page placements, which was less than the expected count for that category. Therefore, these were collapsed with the section front page placements, as seen in Table 3. In year one there were 47 cases located on a front page/section front and 59 cases located on an inside page. In year two there were 116 cases located on a front page/section front and 238 cases located on an inside page, 146 % and 304 % increases respectively. There were 116 cases that were coded as cannot tell.

Table 3

Page Placement of Stories that Mentioned Nextel

| | Page Placement | | |
|-------------------------------------|---------------------------------|--------------------|-------------------|
| | Front Page/Section Front | Inside Page | Can't Tell |
| Year 1 | 47 | 59 | 17 |
| Year 2 | 116 | 238 | 99 |
| Total | 163 | 297 | 116 |
| Percent Change from Y1 to Y2 | 146% | 304% | 440% |

NOTE = $\chi^2 = 12.54$, $df = 3$, $p < .01$, $n = 576$

There were four different mention placement categories that were coded in this study, as seen in Table 4. There were 503 mentions of Nextel that were placed in the body of the story for 87.3 % of all cases. In year one there were 106 cases located in the body and in year two there were 397 cases, a 275 % increase. In year one there were 3 mentions that were placed in a headline and in year two there were 20 mentions. In year one there were eight mentions placed in a lead and there were 17 in year two. In year one there were six mentions placed with a graphic and there were 19 in year two.

Table 4

Placement of Nextel Mentions in Stories

| | Mention Placement | | | |
|-------------------------------------|--------------------------|-------------|-------------|----------------|
| | Headline | Lead | Body | Graphic |
| Year 1 | 3 | 8 | 106 | 6 |
| Year 2 | 20 | 17 | 397 | 19 |
| Total | 23 | 25 | 503 | 25 |
| Percent Change from Y1 to Y2 | 567% | 110% | 275% | 215% |

NOTE = $\chi^2 = 2.76$, $df = 3$, $p = ns$, $n = 576$

Each mention of Nextel was also coded for three categories of value: positive, negative, and neutral. As seen in Table 5, the majority, 444 cases, was coded as neutral. In year one, 27 cases were positive and 22 were negative. In year two there were 65 positive cases and 18

negative cases, a 140 % increase and a 25 % decrease respectively. In year one there were 74 neutral cases compared to 370 neutral cases in year two, a 400 % increase.

Table 5
Value of Nextel Mentions in Stories

| | Value | | |
|-------------------------------------|-----------------|-----------------|----------------|
| | Positive | Negative | Neutral |
| Year 1 | 27 | 22 | 74 |
| Year 2 | 65 | 18 | 370 |
| Total | 92 | 40 | 444 |
| Percent Change from Y1 to Y2 | 140% | -25% | 400% |

NOTE = $\chi^2 = 36.27$, $df = 2$, $p < .001$, $n = 576$

Two hundred eighty-three Nextel mentions were associated with NASCAR and 293 cases were not, as seen in Table 6. All 123 of year one cases were not associated with NASCAR. There were 283 cases that were associated with NASCAR in year two and there were 170 cases not associated with NASCAR in year two, a 38 % increase. Examples of mentions coded for value can be found in the Appendix.

Table 6
Nextel Mentions Associated with NASCAR

| | NASCAR Mention | |
|-------------------------------------|-----------------------|------------|
| | Yes | No |
| Year 1 | 0 | 123 |
| Year 2 | 283 | 170 |
| Total | 283 | 293 |
| Percent Change from Y1 to Y2 | --- | 38% |

NOTE = $\chi^2 = 151.06$, $df = 1$, $p < .001$, $n = 576$

Hypotheses 1

Table 7 illustrates the results of the first hypothesis: H1: Becoming the primary sponsor of NASCAR will result in increased frequencies of mentions in newspapers for Nextel compared to frequencies before becoming the sponsor. As expected, the number of mentions increased in year two, with 330 more mentions of Nextel compared to year one.

Table 7

Frequency of Nextel Mentions in Years One and Two

| | Frequency | Percent |
|-------------|------------|---------|
| Year | | |
| 1 | 123 | 21.4% |
| 2 | 453 | 78.6% |
| | | |
| Total | 576 | 100% |

NOTE = n = 576

To find out what kind of stories Nextel mentions were associated with, the researchers coded nine different types of stories, as seen in Table 8.

Table 8

Types of Stories that Mentioned Nextel (Expanded)

| | Story Type | | | | | | | | |
|-------------|--------------|------------|------------|-----------|---------------|----------|-----------|----------|-----------|
| | General News | Sports | Business | Politics | Entertainment | Crime | Editorial | Cooking | Education |
| Year 1 | 33 | 0 | 72 | 5 | 0 | 3 | 10 | 0 | 0 |
| % of Year 1 | 26.8% | 0.0% | 58.5% | 4.1% | 0.0% | 2.4% | 2.4% | 0.0% | 0.0% |
| | | | | | | | | | |
| Year 2 | 52 | 282 | 99 | 8 | 1 | 6 | 2 | 1 | 2 |
| % of Year 2 | 11.5% | 62.3% | 21.9% | 1.8% | 0.2% | 1.3% | 0.4% | 0.2% | 0.4% |
| | | | | | | | | | |
| Total | 85 | 282 | 171 | 13 | 1 | 9 | 12 | 1 | 2 |
| % of Total | 14.8% | 49.0% | 29.7% | 2.3% | 0.2% | 1.6% | 2.1% | 0.2% | 0.4% |

NOTE = $\chi^2 = 167.43$, $df = 9$, $p < .001$, $n = 576$

However, only three of those categories met the expected count for each cell. Therefore, those six categories were collapsed together and a chi-square test was run on the data, though one category had a count of zero in year one. Table 9 shows these results.

As expected, Nextel was mentioned more frequently in newspapers after becoming the primary sponsor of NASCAR. The number of mentions in year two was almost four times as many as year one, with all categories experiencing increased counts. The data reveal a dramatic increase in cases found in sports stories in year two, with accompanying decreases in the percentages of cases found in all other categories. Though the number of cases found in general news stories increased from year one to year two, the percentage actually decreased from 26.8 percent to 11.5 %. The number of cases found in sports stories increased from zero cases in year one to 62.5 % of all cases in year two. The fact that no Nextel mentions were found in sports stories in the first year is surprising, given that Nextel spent \$15 million on non-NASCAR sports sponsorships in 2003 (IEG, 2003, p. 5). Again, though there was an increase in the number of cases found in business stories from year one to year two, the percentage decreased from 58.5 % to 21.9 %. The number of cases found in all other story types increased from year one to two, but the percentage dropped from 14.6 % to 4.4 %.

Table 9

Types of Stories that Mentioned Nextel (Collapsed)

| | Story Type | | | |
|-------------|---------------------|---------------|-----------------|------------------|
| | General News | Sports | Business | All Other |
| Year 1 | 33 | 0 | 72 | 18 |
| % of Year 1 | 26.8% | 0.0% | 58.5% | 14.6% |
| Year 2 | 52 | 282 | 99 | 20 |
| % of Year 2 | 11.5% | 62.3% | 21.9% | 4.4% |
| Total | 85 | 282 | 171 | 38 |
| % of Total | 14.8% | 49.0% | 29.7% | 6.6% |

NOTE = $\chi^2 = 151.17$, $df = 3$, $p < .001$, $n = 576$

Hypotheses 2

Table 10 illustrates the results of the second hypothesis: H2: Becoming the primary sponsor of NASCAR will result in more prominent page placement in newspapers for Nextel compared to page placement before becoming the sponsor.

Table 10

Page Placement of Stories that Mentioned Nextel (Expanded)

| | Page Placement | | |
|-------------|---------------------------------|--------------------|-------------------|
| | Front Page/Section Front | Inside Page | Can't Tell |
| Year 1 | 47 | 59 | 17 |
| % of Year 1 | 38.2% | 48.0% | 13.8% |
| Year 2 | 116 | 238 | 99 |
| % of Year 2 | 25.6% | 52.5% | 21.9% |
| Total | 163 | 297 | 116 |
| % of Total | 28.3% | 51.6% | 20.1% |

NOTE = $\chi^2 = 12.54$, $df = 3$, $p < .01$, $n = 576$

All 117 cases that were coded as can't tell were not relevant data and were filtered out. A chi-square test was run again on the remaining two categories. Table 11 shows these results. Though there were more cases located on a front page/section front in year two, the percentage of front page/section front mentions actually decreased after Nextel became NASCAR's sponsor. Therefore, Nextel mentions were placed in less prominent pages in year two.

Table 11

Page Placement of Stories that Mentioned Nextel (Collapsed)

| | Page Placement | |
|--------------|---------------------------------|--------------------|
| | Front Page/Section Front | Inside Page |
| Year 1 | 47 | 59 |
| % of Year 1 | 44.3% | 55.7% |
| Year 2 | 116 | 238 |
| % of Year 2 | 32.8% | 67.2% |
| % of total? | | |
| Total | 163 | 297 |

NOTE = $x^2 = 4.77$, $df = 1$, $p < .05$, $n = 460$

Hypotheses 3

Table 12 illustrates the results of the third hypothesis: H3: Becoming the primary sponsor of NASCAR will result in more prominent story placements in newspapers for Nextel compared to story placements before becoming the sponsor. There were four different mention placement categories that were coded. After running a chi-square test on these four categories, the results were not statistically significant. However, the data do reveal that Nextel's NASCAR sponsorship resulted in a large amount of media placement in the bodies of stories rather than more prominent placement elsewhere.

Table 12

Placement of Nextel Mentions in Stories (Expanded)

| | Mention Placement | | | |
|-------------|--------------------------|-------------|-------------|----------------|
| | Headline | Lead | Body | Graphic |
| Year 1 | 3 | 8 | 106 | 6 |
| % of Year 1 | 2.4% | 6.5% | 86.2% | 4.9% |
| Year 2 | 20 | 17 | 397 | 19 |
| % of Year 2 | 4.4% | 3.8% | 87.6% | 4.2% |
| Total | 23 | 25 | 503 | 25 |
| % of Total | 4.0% | 4.3% | 87.3% | 4.3% |

NOTE = $\chi^2 = 2.76$, $df = 3$, $p = ns$, $n = 576$

Hypotheses 4

Table 13 illustrates the results of the fourth hypothesis: H4: Becoming the primary sponsor of NASCAR will result in more positive attributes associated with the Nextel brand compared to before becoming the sponsor.

The data reveal that Nextel mentions became less negative and more neutral in year two. The percentage of positive mentions actually decreased in year two but not as much as the percentage of negative cases fell. There were actually four less negative mentions in year two, though there were 330 more cases than year one. The largest change was in the percentage of mentions that were neutral, which increased from 60.2 % in year one to 81.7 % in year two. The data reveal that Nextel’s NASCAR sponsorship resulted in less negative and considerably more neutral media coverage. However, Nextel’s mentions also became less positive.

Table 13

Value of Nextel Mentions in Stories (Expanded)

| | Value | | |
|-------------|-----------------|-----------------|----------------|
| | Positive | Negative | Neutral |
| Year 1 | 27 | 22 | 74 |
| % of Year 1 | 22.0% | 17.9% | 60.2% |
| Year 2 | 65 | 18 | 370 |
| % of Year 2 | 14.3% | 4.0% | 81.7% |
| Total | 92 | 40 | 444 |
| % of Total | 16.0% | 6.9% | 77.1% |

NOTE = $\chi^2 = 36.27$, $df = 2$, $p < .001$, $n = 576$

Hypotheses 5

Table 14 illustrates the results of the last hypothesis: H5: Becoming the primary sponsor of NASCAR will result in more mentions of the Nextel brand with NASCAR events than any other type of news compared to Nextel’s newspaper mentions before becoming the sponsor.

As expected, Nextel mentions associated with NASCAR increased in year two, from none in year one to 62.5 % of all cases in year two. Almost two thirds of all year two stories were associated with NASCAR. This reflected the dramatic effect on Nextel’s print media exposure as a result of its sports sponsorship agreement. Only one third of Nextel’s print media exposure was related to non-NASCAR news such as business performance.

Table 14

Nextel Mentions Associated with NASCAR (Expanded)

| | NASCAR Mention | |
|-------------|-----------------------|------------|
| | Yes | No |
| Year 1 | 0 | 123 |
| % of Year 1 | 0.0% | 100.0% |
| Year 2 | 283 | 170 |
| % of Year 2 | 62.5% | 37.5% |
| Total | 283 | 293 |
| % of Total | 49.1% | 50.9% |

NOTE = $\chi^2 = 151.06$, $df = 1$, $p < .001$, $n = 576$

Exploratory Question

The data also helped answer the exploratory question: EQ1: Of the total mentions of the Nextel brand in newspapers associated with NASCAR news, how many of the mentions focused on speculation before the announcement? None of the year one cases mentioned NASCAR and, therefore, none focused on speculation before the announcement. Though there were articles written that discussed the possible NASCAR sponsorship change, none were found in the current study sample.

CHAPTER 6

DISCUSSION

Survey of Major Findings

Frequencies of Nextel Mentions

Becoming the primary sponsor of NASCAR did result in increased frequencies of mentions in newspapers for Nextel compared to frequencies before becoming the sponsor. The number of mentions in year two was almost four times as many as year one, with all categories experiencing increased counts.

Types of Stories that Included Nextel Mentions

All categories of story types experienced increased counts in year two. The data reveal a dramatic increase in cases found in sports stories, as there were zero cases in year one. In year two, the number of cases found in sports stories comprised almost two thirds of all cases. The fact that no Nextel mentions were found in sports stories in the first year is surprising, given that Nextel spent \$15 million on non-NASCAR sports sponsorships in 2003 (IEG, 2003, p. 5).

There were decreases in the percentages of cases found in all other categories. Though the number of cases found in general news stories increased from year one to year two, the percentage actually decreased. Again, though there was an increase in the number of cases found in business stories from year one to year two, the percentage decreased. The number of cases found in all other story types increased from year one to two, but the percentage dropped.

Page Placement of Nextel Mentions

Though there were more cases located on a front page/section front in year two, the percentage of front page/section front mentions actually decreased after Nextel became

NASCAR's sponsor. Therefore, Nextel mentions were placed in less prominent pages in year two.

Placement of Nextel Mentions in Stories

The data reveal that Nextel's NASCAR sponsorship resulted in a large amount of media placement in the bodies of stories, rather than more prominent placement elsewhere. Almost 90 % of mentions in both years were placed in the body of the story. Though there was a dramatic increase in the number of stories located in the body of a story in year two, the percentage was virtually the same. In year two there six times as many mentions placed in a headline than in year one, twice as many mentions placed in a lead, and three times as many mentions placed with a graphic.

Value of Nextel Mentions

The data reveal that Nextel's NASCAR sponsorship resulted in fewer negative and considerably more neutral media coverage. However, Nextel's mentions also became less positive. The percentage of positive mentions actually decreased in year two, but not as much as the percentage of negative cases fell. There were actually 4 fewer negative mentions in year two, though there were 330 more cases than year one. The largest change was in the percentage of mentions that were neutral, which increased from 60.2 % of all mentions in year one to 81.7 % in year two.

NASCAR Related Nextel Mentions

As expected, Nextel mentions associated with NASCAR increased in year two, from none in year one to 62.5 % of all cases in year two. This reflected a dramatic effect on Nextel's print media exposure as a result of its sports sponsorship agreement. Only one third of Nextel's print media exposure was related to non-NASCAR news such as business performance.

Nextel Mentions Related to Sponsorship Speculation

None of the year one cases mentioned NASCAR, and therefore, none focused on speculation before the announcement. In addition, the current study found no stories that discussed the sponsorship announcement before it was made.

Nextel Business Performance

One estimate made about the impact created by Nextel's sponsorship was sales of 40,000 NASCAR branded phones and a considerable increase in sales of other products related to NASCAR (Nextel, 2004). While that increase is significant, it is not likely that it totaled the \$75 million that Nextel is spending annually for its sponsorship.

Though it is difficult to identify the specific impact that Nextel's NASCAR sponsorship had on the company's performance, examining its second quarter revenue, income, and earnings before interest, taxes, and depreciation (EBITDA) for 2002, 2003 and 2004 may help. The second quarter was chosen because it ends on June 30, just 2 weeks after the end of the 2 years examined in this study.

By the end of the second quarter of 2004, Nextel's revenue, income, and, EBITDA had increased dramatically compared to the end of the second quarter of 2003, as seen in Table 15. Revenues increased from \$2.2 billion to \$3.3 billion, a 50 % increase (All, 2004; Silva, 2003). Income increased from \$153 million to \$1.3 billion and EBITDA increased from \$816 million to \$1.2 billion, increases of 750 % and 47 %, respectively (All, 2004; Silva, 2003).

Table 15

Nextel Business Performance, 2nd Quarter 2003 v. 2nd Quarter 2004

| 2nd Quarter | Nextel Business Performance, 2nd Quarter 2003 v. 2004 | | |
|-------------|--------------------------------------------------------------|------------------------------------|------------------------------------|
| | Revenue (in billions \$) | Income (in billions \$) | EBITDA (in billions \$) |
| 2003 | 2.200 | 0.153 | 0.816 |
| 2004 | 3.300 | 1.300 | 1.200 |

Another way to try and identify the impact that Nextel’s sponsorship had on business performance is to examine its stock price before (June 14, 2003) the sponsorship announcement to its stock price 1 year later (June 18, 2004). Nextel’s stock price increased from \$14.47 to \$25.69, a growth of 78 % (NYSE, 2003: NYSE, 2004). It is also worth noting that Nextel’s stock rose 23 % the week (Tuesday, June 17, 2003-Friday, June 20, 2003) it announced its agreement to become NASCAR’s primary sponsor (Partlow, 2003).

How Results Relate to Theories

Mere Exposure

The results of this study suggest that Nextel’s sponsorship did create effects commonly found in sponsorship research. Nextel certainly expanded its exposure, especially among newspaper readers and NASCAR’s 75 million product loyal fans. Mere exposure procedures only require that consumers be repeatedly exposed to a brand name without an accompanying message. In regard to newspaper coverage, Nextel increased its presence by almost 300 %. This increased exposure enabled many people to become more familiar with Nextel, and as the theory asserts, to build more positive assessments of Nextel. These increased positive assessments may have directly contributed to Nextel’s increased sales after becoming NASCAR’s sponsor. When

consumers who regularly read a newspaper were choosing between cell phone companies, which have many similarities, mere exposure effects may have acted as tie-breakers that encouraged consumers to have a more favorable attitude toward Nextel.

Image Transference

Nextel appears to have achieved a “halo effect” by sharing in the positive image that NASCAR enjoys from its fans. Nextel had a higher number of positive stories, though a lower percentage, in the second year. In addition, Nextel had fewer negative stories than the first year, yet there were considerably more stories in the second year. Therefore, it is possible that Nextel’s image became less negative by being associated with NASCAR, a sport that has been enjoying unprecedented growth and popularity.

Social Identity Theory

Though it is difficult from this study to determine just how much Nextel’s sponsorship was responsible for the company’s increased sales and profits, Nextel did benefit from tapping into NASCAR fans’ social identities. In fact, Nextel became a part of their social identities by being mentioned with almost everything NASCAR. Nextel appears to have successfully become one of the commodities that NASCAR fans consumed not only to satisfy needs or wants but also to structure their interpersonal interactions (Ogle et al., 2004).

Strategic Networks

This study also suggests Nextel and NASCAR both enjoyed the benefits of a strategic network. Both companies bettered themselves by increasing revenue. Nextel increased product sales and NASCAR secured its largest sponsorship fees ever. Nextel definitely enjoyed a competitive advantage over its competitors by having almost exclusive access to 75 million product loyal NASCAR fans, a resource that Nextel could not secure by itself. Nextel and

NASCAR's strategic network also allowed the companies to appear more legitimate. NASCAR was able to move beyond its traditional, Southern tobacco legacy by having a primary sponsor more akin to something found in Formula One racing, and Nextel was able to validate its position relative to their larger, better-funded competitors. This validation was evident when Sprint acquired Nextel after it became the primary sponsor of NASCAR.

Application of Study and Recommendations

Public Relations Practitioners

The results of this study have several implications for public relations professionals. First, practitioners should consider the value of sports sponsorships, especially exclusive deals. Through its NASCAR sponsorship, Nextel was able to increase newspaper mentions by almost 300 %. The increase in mentions spread across more categories than sports as Nextel's business coverage increased too. Practitioners might want to emphasize the residual media effects of sponsorship when advocating potential sponsorship deals for clients or businesses.

Practitioners also should be mindful of the potential for sports sponsorship media coverage to be neutral, on an inside page, and in the body of a story, all less than prominent placements. Perhaps one solution would have been for Nextel to contribute to a charity organization in each city that hosts a race. Each time a race came to that city Nextel could pitch its support for the organization to local and regional newspapers. By choosing many different organizations and supporting them in a variety of ways Nextel might have been able to secure more prominent and positive coverage in newspapers. Obviously, national papers would not pick

up on this story every race, but local media would likely bite on stories that directly related to their readers.

In addition, this study seems to validate the P.T. Barnum theory of public relations that argued any publicity is good publicity (Stauber & Rampton, 1995, p. 18). Nextel did not really secure more positive press coverage by becoming NASCAR's primary sponsor, but the company's coverage did become less negative and more neutral. At the same time, Nextel increased sales, profits, and its stock price, which may support the notion that any publicity is still good publicity. Practitioners may find that getting a steady stream of coverage for clients, even neutral coverage such as hiring announcements, is more beneficial than positive coverage that is spaced out. It may be possible that simply waiting to pitch only the most newsworthy stories will not allow a company to enjoy the benefits of mere exposure.

Lastly, this study may suggest that new sponsorship agreements need to be publicized better. Nextel and NASCAR's partnership announcement was big news and did receive a lot of press coverage, but this particular study did not uncover any stories related to the announcement. Perhaps the two companies should have extended the shelf life of the news by implementing a multi-city tour that introduced Nextel to sports writers and fans. Incorporating a handful of drivers and officials who would be available for interviews could have extended the value of the announcement and secured more prominent news coverage as well as brand name exposure.

Mass Communication Researchers and Educators

The results of this study have several implications for mass communication researchers. First, researchers should build on studies, such as this one, that highlight increased exposure. One way this could be done is by measuring consumer awareness, which would result in richer data. This should help researchers and professionals alike to more fully know what the impact of

press coverage is. In addition, researchers may want to examine more sports sponsorships to see if other companies experience both improved business performance and increased mere exposure that Nextel did. It may be possible that Nextel's improved business performance has little to do with its increased mere exposure.

The results of this study have several implications for mass communication educators too. First, teachers should try to emphasize the significance of identifying positive stories for development and pitching. Nextel surely had many success stories to tell each week, but the majority of their press coverage revolved around race previews and results. Students need to be encouraged to seek out and pitch creative and relevant angles in the positive impacts clients or businesses are making every week. Educators also need to emphasize to students the need to secure continual coverage for clients and businesses. It may be possible that many companies are missing out on the benefits of mere exposure simply because they are not generating an increased quantity of media placement.

Newspaper Writers and Editors

The results of this study have several implications for news writers and editors. First, writers might want to examine if their sports briefs are essentially serving as free advertising for sports sponsors. When stories repeatedly mention a sports sponsor in a completely neutral manner, the sponsor enjoys the benefits of mere exposure. Some writers may not want to be part of this process. Editors might also want to consider limiting how often a sports sponsor is listed in a story. It is possible that mentioning the sponsor once at the beginning of a story is enough. This would cut back on the almost free advertising that sponsors get, and it would eliminate a considerable number of neutral mentions of sponsors. Obviously, sponsors would not welcome this, but journalism purists would.

Conclusion

For Nextel, the bottom line is that their \$750 million investment to become the primary sponsor of NASCAR contributed to increased exposure, sales, profits, stock price, and ultimately a buyout by a major competitor. The true question is whether any of those accomplishments would have been possible without the NASCAR sponsorship. Clearly, increased media exposure would not have occurred at nearly the same level without the NASCAR sponsorship.

However, it is difficult to determine if Nextel could have increased exposure and sales at a lesser cost. Nextel may have been able to achieve comparable, though lesser, exposure and sales increases by simply sponsoring and promoting a NASCAR driver for \$25 million a year, or two thirds less than their annual sponsorship commitment. This would not have allowed them to exclude other wireless companies from also sponsoring NASCAR events, but it would have saved \$50 million a year while still getting access to NASCAR's sponsor loyal fans. It is quite possible that this is the decision that Sprint will make in the future.

Perhaps Nextel's sponsorship, which was seen as a competitive advantage before Sprint purchased Nextel, has turned out to be a cash burning liability. The cost of acquiring Nextel certainly did have a negative impact on Sprint's net income in the fourth quarter of 2005. Though sales increased, net income fell almost \$200 million compared to the fourth quarter of 2004 (Foster, 2006). Though this drop could have been because of other factors, Nextel's strategic network with NASCAR just might turn out to be a strategic liability for Sprint.

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APPENDICES

APPENDIX A: Newspapers Examined

Ventura Cty Star
News Gazette
NY Times
Chicago Sun Times
Buffalo News
AJC
San Francisco Chronicle
Modesto Bee
USA Today
Christian Science Monitor
St. Louis Post Dispatch
Chicago Daily Herald
The Record
The Capital
The News & Observer
Boston Herald
Boston Globe
San Antonio Enquirer News
Providence Journal Bulletin
Charleston Gazette
Orange County Register
Washington Post
Seattle Times
The Times Union
Chattanooga Times Free Press
Washington Times
Tulsa World
Daily Oklahoman
The Intelligencer Journal
Augusta Chronicle
Birmingham News
Florida Times Union
Herald Sun
The News & Record
The Post & Courier
The Richmond Times Dispatch
The Winston Salem Journal
The Spokesman Review
The Columbus Dispatch
The San Diego Union Times
The Tampa Tribune
The South Bend Tribune

The Evening Sun
The Post Standard
The York Dispatch
The Knoxville News Sentinel
The Palm Beach Press
The Sarasota Herald Tribune
The Corpus Christi Chronicle Times
Daily News of LA
Dallas Morning News
Macon Telegraph
Rocky Mtn News
St. Petersburg Times
Roanoke Times
Virginian Pilot
Las Vegas Review Journal
The Herald
The Topeka Capital Journal
The Daily Record
The Kansas City Star
San Jose Mercury News
The Fresno Bee
The News Herald
The Oregon City Register
St. Paul Pioneer Press
The Tribune
The NY Sun
The Ledger
Ft. Worth Star Telegram
Oregonian
The Dessert Morning News
The Seattle Post Intelligencer
Sacramento Bee
NY Post
Houston Chronicle
Milwaukee Journal Sentinel
Pittsburg Post Gazette
Commercial Appeal
Albuquerque Tribune
Capital Times
Lancaster New Era
Omaha World Herald
Florida Keys Keynoter
The Press Enterprise

APPENDIX B: Code Sheet

Coding Sheet

The unit of analysis is any mention of Nextel

Coder ID

1JW
2CW

Paper Name

Date of Paper (Between 6-16-02 to 6-16-03 & 6-18-03 to 6-18-04)

Story Type

| | |
|------------------|-----------------------------------------------------------------------------------------------|
| 1general news | such as disasters & accidents, local or world |
| 2lifestyle | |
| 3politics & govt | issues related to elected & non-elected officials, info about police that's not crime-related |
| 4military | |
| 5sports | including NASCAR |
| 6entertainment | commercial music, movie, & television performers (not fine arts) |
| 7crime | |
| 8religion | |
| 9business | including finance and economics, real estate, marketplace, money |
| 10health | issues related to human health outside of hospital care |
| 11medical | issues related to hospital & clinic care |
| 12fashion | |
| 13editorial | opinion, letters to the editor, commentary |
| 14arts | |
| 15family | |
| 16culture | |
| 17leisure | such as outdoor activities, board games or video games |
| 18festivals | |
| 19cooking | |
| 20education | |
| 21travel | issues about visitation to a specific destination |
| 99can't tell | |

Page Placement

The front page is defined as the very first page of the newspaper, identified as A1 or 1A.

The section front is the first page of any section other than the front page, such as B1 or C1.

An inside page is any after page 1, such as A2 or B3.

1Front Page of entire newspaper (A1, 1A)

2Section Front page (B1, 1D)

3Inside page (A2, D7)

9can't tell

Placement of Nextel Mention

- 1 in headline
 - 2 lead sentence / lead paragraph
 - 3 outline/byline/pull quote
 - 4 in the body of text
 - 5 attached to a graphic or photograph
- bold faced copy before the story begins, or copy that is repeated & pulled out from body of text

Was the Nextel mention related to NASCAR?

For a mention of Nextel to be coded as related to NASCAR, the term NASCAR has to be in the same or adjacent sentence as the term Nextel.

- 1 Yes
- 2 No
- 9 can't tell

Story Value

- 1 Positive: is Nextel praised or complemented, is Nextel credited with an improvement
- 2 Negative: is Nextel criticized or demeaned, is Nextel blamed for harm
- 3 Neutral: is Nextel merely mentioned, just a stating of the facts, not praised or demeaned

If this Nextel mention was associated with NASCAR, did story focus on speculation about sponsorship?

(Only for articles between 6-16-02 to 6-16-03)

- 1 yes
- 2 no
- 9 can't tell

If this mention of Nextel was associated with a Non-NASCAR sponsorship, what was sponsored?

- 1 entertainment
- 2 college football
- 3 NFL
- 4 MLB
- 5 NBA
- 6 PGA
- 7 college basketball
- 8 other (please list)

APPENDIX C: Example of Positive, Negative, and Neutral Mentions

Positive

“The **Nextel** Cup races our first three weeks were by far the highest-rated event on network TV all three weeks.” – Winston Salem Journal, March 25, 2004, pp C3.

Negative

“Still, Whalen is unhappy with the coverage and customer service with her current wireless company, **Nextel.**” – Buffalo News, November 25, 2003, pp. B6.

Neutral

“NASCAR **Nextel** Cup rookie driver Kasey Kahne is putting up impressive numbers.” – The Daily News of Los Angeles, March 25, 2004, pp. S2.

VITA

JOSH WATSON

Personal Data: Date of Birth: November 28, 1978
Place of Birth: Salida, Colorado
Marital Status: Married

Education: Public Schools, Hopkins County, Kentucky
Freed Hardeman University
Marketing, B.S., 2001
East Tennessee State University
Professional Communication, M.A., 2006

Professional Experience: Associate Account Executive, McNeely, Pigott & Fox Public Relations;
Nashville, Tennessee 2006-Present
Public Relations Intern, Eastman Chemical Company, Tri-Cities Regional
Airport and Johnson City Powerboard;
2005-2006
Graduate Tuition Scholar, East Tennessee State University, Department of
Communication;
2003-2005
Theatre Development Director, Freed Hardeman University, Division of
Theatre;
2002-2003

Publications: Arnold, H. C., & Watson, J. (2004). Placement during the family viewing hour.
In C. Gardner, J. Biberian & A. Alkhafaji (Ed.s). *Business Research Yearbook*, 11. Saline, MI: International Academy of Business Disciplines.

Paper Presented at Conference:

Watson, J.T. (2003), Camouflaging the military: A content analysis of photos on the front page of five national newspapers. Presented at the 5th *Regional Communication Research Forum*, University of Tennessee at Knoxville, 2004.