

***Individual Critique of Sponsorship Opportunity***

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LG Electronics is a \$48.5 billion consumer electronics corporation established in 1958 that specializes in electronics, information, and communications products. LG Electronics' Digital Display Company, which includes the selling of LCD and plasma televisions, made \$12.1 billion in 2006 (LG Electronics US). In the first three quarters of 2007, LG Electronics had a 13.7% market share, the third largest in the industry, for plasma televisions. The LCD television market is so fragmented that the largest market share was just 11.3% (Lefton). LG Electronics was not in the top five for the LCD market, but hopes its global initiative will take it to the top of this competitive industry.

LG Electronics is a firm believer in the importance of global sport sponsorship. By 2010, LG Electronics hopes to be one of the top three electronics, information, and telecommunication firms in the world. In order to accomplish this goal, LG Electronics must become a global digital leader. LG Electronics believes sport sponsorship is a way to unite people globally according to their sponsorship policy, which can be found in Appendix A.

A sponsor partnership with the Detroit Red Wings would be a great way to reach this global goal. Not only would this sponsorship increase awareness of the brand in the state of Michigan, and in particular the metro Detroit area, but the team also has a national and international following. In addition, the current roster is composed of players from seven different countries including seven Swedish players. LG Electronics has even previously sponsored a hockey event in Sweden. The Detroit Red Wings have a category-exclusive sponsorship opportunity, which can be viewed in Appendix B, to help LG Electronics reach its global goal.

Another LG Electronics' goal is to "enable the intelligent networking of digital products that will make consumers' lives better than ever" (LG Electronics US). Multiple

research studies, including one conducted by Plain Springs, found that NHL fans are more educated and affluent as well as more digitally connected compared to other sports fans. 60% of NHL fans have households with an income greater than \$50,000. 81% of NHL fans are from households "headed by college graduates" ("National Hockey League Jumbotron Network"). 79% are between the age of 18 and 44, which would appeal to LG Electronics as that is the typical target age demographic desired by advertisers. Finally, 91% of NHL fans access the Internet regularly. NHL fans are more likely to be early adopters of new technology ("National Hockey League Jumbotron Network").

LCD and plasma televisions are some of the hottest new technologies in consumer electronics, but come at an expensive price. As such, the demographics for HDTV consumers are congruent with NHL fan demographics. "Nielsen also found that HD homes have much more attractive demos, as they tend to be more urban, more upscale, and more educated" (Ourand). Thus, it would seem reasonable to conclude that NHL fans would be more able to afford an HDTV from LG Electronics than other segments of the population. In addition, avid sports fans have historically been a "major driver of HDTV sales" (Lefton, 16). According to the congruence theory, these appropriate similarities and relationship between sports fans and HDTVs make it easier for individual's to store information and then recall this information about the product from his/her memory making this sponsorship with the Detroit Red Wings valuable (Cornwell, Weeks, & Roy). Because it's easier to recall from one's memory, the individual is thus more likely to name the correct sponsor and more likely to have a favorite opinion about the sponsor. Research has already been done to confirm this positive relationship between HDTV buyers and sports fans as sports viewing is heavily

associated with HDTVs. "According to a study by market research firm Parks Associates, one in three HDTV buyers expects to watch more sports after his or her purchase, and 71% of sports fans up their intake after getting a hi-def set" (Finn).

FSN Detroit has seen a 50% increase in ratings this season for its Detroit Red Wings broadcasts (Houston). Versus ratings for Red Wings games have doubled as well this season (Gerstner). With more and more Wings fans watching games on television, it's a great opportunity for LG Electronics to target these fans to make the switch to HDTV for a better hockey viewing experience. Since sport sponsorships by consumer electronics brands haven't been very common until HDTV came along, there aren't any known trends for these kinds of sponsorships yet. A potential downside regarding this sponsorship is that with so many HDTV brands sponsoring athletic teams and leagues, LG's sponsorship of the Wings could potentially get lost in the shuffle.

In 2008, Consumer Electronics Association is predicting an increase in HDTV unit sales by 17% with over 23 million units being shipped out to US retailers this year alone (Lefton, 16). With over 70 brands competing in the HDTV market, competition is stiff and sports sponsorship is a great way to stand out from the pack. Studies have shown that sponsorship does, in fact, help differentiate the brand from its competitors (Cornwell). An exclusive-category sponsorship of the Detroit Red Wings would allow a meaning transfer of the Detroit Red Wings' brand equity onto LG Electronics. Detroit is the number one team in the NHL standings and has been a very successful team of late with playoff appearances in the last 16 seasons including three Stanley Cup victories. A meaning transfer could potentially mean that the high level of performance associated with the Detroit Red Wings could be transferred to the LG brand. "This implies for sponsorship that 'meaning' moves from the event to the sponsor's product when the two

are paired during an event, and then to consumers in their roles as spectators or participants” (Cornwell). Therefore, an exclusive-category sponsorship of the Detroit Red Wings by LG Electronics would be a mutually beneficial partnership for both organizations.

## ***Appendix A – LG Electronics Sponsorship Policy***

*Source:* "Global Sports Sponsorship." LG Electronics US.

LG Electronics loves the challenging spirit, passion, and creative energy involved in sport. We believe that sport can unite people from the heart.

We sponsor sporting activities that people all around the world love and enjoy, thereby encouraging them to share their passions and inspiring unity. LG Electronics sponsors sporting events around the world, energizing people's lives and instilling passion and a sense of reconciliation in their hearts.

LG Electronics also sponsors national sports and regionally popular sports in various parts of the world, endearing itself to local communities. In the UK, India, and South Africa, we sponsor cricket matches to earn the trust of the local public. In North America and Europe, we sponsor action sports in recognition of our youthfulness and vitality.

We sponsor major athletic events including table tennis, ice hockey, golf, and much more.

LG's sports sponsorships are an important way for the company to contribute to society as a responsible corporate citizen. The trust we earn through sport deepens friendships.

Sport is a valuable way in which we can reach our consumers, and through which LG expresses to the world the company's passion and willingness to take on different challenges.

## ***Appendix B – Sponsorship Proposal***

Once again, the Detroit Red Wings are on the top of the NHL standings for the 2007-2008 season. The Wings have had playoff appearances in the last 16 seasons including three Stanley Cup victories, the last of which came in 2002. The Red Wings' logo was named the sixth most powerful, memorable and distinctive North American sports logo in the 20<sup>th</sup> century and the top NHL team logo ("Yankees' interlocking NY logo named best of the 20<sup>th</sup> century"). Between the history and tradition of the franchise as well as its recent success on the ice, the Detroit Red Wings provide a great sponsorship opportunity.

The Detroit Red Wings would like to offer LG Electronics with a category-exclusive sponsorship of the number one team in the NHL. LG Electronics would be named the official HDTV of the Detroit Red Wings and would be designated sponsor of the Red Wings' HD broadcasts on Fox Sports Net Detroit.

This category-exclusive sponsorship would provide LG Electronics with additional branding opportunities such as in-game signage along the boards and on the ice, 30-second spots on the jumbotron throughout the games, advertising spots on DetroitRedWings.com, and the opportunity for the LG plasma and/or LCD television

screens to be placed in the suites, exclusive Olympia Club, and the team's locker room at Joe Louis Arena.

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