

Gear Manufacturers as Contestants in Sport Championships: Breeding and Branding Effects

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Abstract

Several manufacturers make substantial investments to contest in sport championships, using the gear they develop and market. However, no systematic analysis of the innovation and marketing returns from such investments exists. In this study, we conceptualize and empirically estimate the innovation performance (breeding) and sales performance (branding) of gear manufacturers that contest in sport championships. We gather data for 30 car brands of 16 manufacturers over the period 2000-2015 regarding their participation, spending and performance in Formula One championships, annual patent citations and R&D budgets as well as monthly vehicle registrations, advertising expenditures and F1 TV-viewership. We find that only gear manufacturers with relatively high levels of R&D spending obtain a positive and significant breeding return from contesting in sport championships. While most brands obtain positive branding returns, the lower the level of advertising spending for the brand, the greater the branding returns from contesting in championships.

Keywords: *Breeding; Branding; Championships*

Track: Marketing Strategy & Theory