



Kit Sponsors in the Stock Market: Nike as Kit Sponsorship of Three Football Club

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ABSTRACT

Purpose: One of the actual reasons for sponsorship is to attract millions to increase the number of consumers. Therefore, this article aims to study the effects of kit sponsorship for football clubs on Nike's corporate value by analyzing price trends.

Methodology: In this study, price data was gathered from the date of released statements of the football clubs present in the 2019-2020 season of the Premier League. Analyzing the data was conducted by the market Technical Analysis method with three different indicators (RSI-MACD-Moving Average).

Findings: The results showed that Nike faced significant changes in the price trend of its stock values. These three indicators show an increase in the exchanged volume of stock. The analysis explains its high potential of changing the trend.

Originality: Because of these changes, other companies were interested in being a sponsor for many clubs in any sports field, and it creates a competitive atmosphere between the companies.

Keywords

Brand
Premier League
Sponsorship
Stock Market
Technical Analysis

Article type

Original article

Received: 2022/01/16

Accepted: 2022/03/02

How to cite this article:

Ahmadi Bonabi, S., & Javani, V. (2021). Kit Sponsors in the Stock Market: Nike as Kit Sponsorship of Three Football Club. *Sports Business Journal*, 1(2), 13-31. <https://doi.org/10.22051/sbj.2022.39181.1023>



1. Introduction

Sports sponsorship is a promotion perspective and provides supportive links between industry and most sports (Benar et al., 2012; Zapata Agüera & Martínez Caro, 2021). Being a Sponsor is one of the developing aspects of indirect marketing. Bennett said and argued that sports sponsorship seemed to be effective for controlling brand awareness and recall and creating among supporter's perceptions of widespread use of sponsoring company's products (Maricic et al., 2019; Silvestre & Santos, 2007). Known as one of "marketing's dramatic investment stories" in ancient history (Meenaghan et al., 2013), it is assumed that in terms of traditional and amateur marketing practices, "sponsorship might be more advantageous than advertising" for companies. Sports are a stable international environment enjoyed by millions of people, and many brands use sports as contexts for advertising worldwide. All the companies in the world are looking for the best way to advertise their products and services. They also assign an administrative part for analyzing the best ways for advertising. As a result of researches, they found that sports are the best option for companies (Burton et al., 2021; Meenaghan et al., 2013). Nowadays sports are more popular than other choices for advertising, such as a significant number of audiences, the easiest way to communicate with lots of people in so many different countries. Remarkably, the literature assumed that sport is a great area for sponsorship (Gwinner & Bennett, 2008; Takamatsu, 2022). Kit sponsorship is a kind of sponsoring that is available in a variety of sports.

Many other companies in different industries, such as sports, airlines, insurance, and chemical products, will use kit sponsorship opportunities in their marketing strategies (Kumareswaran, 2019). Commercial sponsorships have become an essential part of most sports structures (Abril Barrie et al., 2018) which, also is undoubtedly true in English football, where since the early 1980s, kit sponsorships have generated substantial revenues for all clubs at all sports (Doellman et al., 2022). The most way to promoting the clubs' revenue and social effects is more scientific, intelligent, and measurable management. Also, more experienced and more specialist club managers can gain more success (Memari et al., 2021). In the English Premier League, companies such as Adidas, Puma, Area, Nike, Under Amore, New Balance, Capappa, Ambro are focusing on kit sponsorship to widespread their brand awareness and gain more attention from consumers (Šíma, 2019). Although sports sponsorships build brand awareness, they also can highlight concerns about the unity between fans and the sponsor (Tsordia et al., 2018). By adapting the company and products to the mentioned variables, sponsors can also have an excellent interactive relationship (Saatchian et al., 2021). Over the past century, with the significant advances in the media, many companies worldwide are trying to promote their brands and communicate with consumers in the mass media (Silva, 2021). While some critical sports events attract a hundred million people as a TV audience, many companies utilize the sponsorship of football clubs to promote their brand and increase their brand awareness level (Batmunkh, 2021). As a result, companies are trying to increase their popularity and business quickly through football sponsorship. For this opportunity, companies spend thousands of millions of dollars. Furthermore, sport offers a reliable platform with

global media audiences to companies for achieving their promotion goals (Cornwell, 2014; Cornwell & Kwak, 2015).

For this reason, these companies are in very intense competition and working hard to get the club's kit sponsorship. If a company signs a kit sponsorship contract with a club, the effectiveness of sport sponsorship as a marketing and promotional tool is granted in a high percentage (Popp et al., 2018). The presence of sport manufacture and industrial companies in the English Premier League, alongside the stock market, created a mysterious relationship for the researchers. This study aimed to understand the relationship between companies' presence in the sponsorship industry with their presence in the stock market. Many studies verify that one of the best ways to analyze this relationship in the stock market is technical analysis. Technical analysis is an analytical and predictive method based on qualitative models of prediction. It examines the impact of factors on a company's stock index and price trend, most commonly in the intended period. This analytical tool includes indicators and oscillators that analyze the price trends in the stock market (Achelis, 2000).

2. Theoretical background

In the literature review part, we consider that the studies where determinants of football team's stock prices in the market are investigated how sports results can affect the stock prices in the stock market. Then we consider that it is all related to the companies and their passion for being on the team's jersey in the sponsor's title. In the end, we investigate the sponsorship statement effect on soccer team stock value in the market. A general, comprehensive, and detailed study of sports sponsorship is far beyond this article's scope. Subsequently, the paper tries to cover those parts of the research and the most practical topics for getting the results (Cornwell, 2014).

The financial concern in any football league, such as the English Premier League, is significant to club managers (Šíma, 2019). The managers of the football clubs buy players and equipment needed by the clubs for a strong presence in the Premier League to achieve a remarkable result at the end of the season. One of these manufactures is the closing kit (Doellman et al., 2022). To prepare the best clothing kit and most attractive one, they need a kit sponsor (Hanke & Kirchler, 2013). Each year, club executives hold long meetings and debates with many businesses, industrial about kit sponsorship contraction. There are many reasons for companies worldwide to negotiate with clubs before the start of the season to sign a kit sponsorship contraction (Popp et al., 2018). These reasons include increased attention to the brand, increasing visibility on the media, and increasing customers in the market platform.

In the meantime, an index called TV Broadcasting is also critical. The English Premier League claims more than £ 2.3 billion from fans that watched it in the 2014/2013 season over 10-month, and in the following season, 2015/2014, it has reached more than £ 3 billion domestic spectators. In recent deals with Sky League and B-Sport (T.V channels) signed for the 2019/2016 seasons, it attracts £ 5.136 billion (Naidenova et al., 2016). So it is easy to conclude that the English Premier League is a very efficient vehicle for the United Kingdom's international economy and global

marketing in any industry (Scholtens & Peenstra, 2009). This volume of spectators attracts the companies to present themselves in this field and make some money (Naidenova et al., 2016; Šíma, 2019). There are many ways, such as kit sponsorship, clubs' sponsorship, and stadium sponsorship, to reach consumers. In the English Premier League, the clubs were ranked at the top level in the game table and on the stock, market were evaluated in this research. Several instances could affect the share price of the sponsor (Doellman et al., 2022; Ramazani et al., 2012). First, depending on the market reaction to the sponsorship deal through the positive or adverse conditions, the statement of the sponsorship deal can affect the share prices of the company. Second, the successful results in competitions for the club can affect the share price. Sponsoring an unsuccessful club or a club that feels the danger of falling to the lower league due to the sponsors facing a poorly performing team can negatively affect the sponsor's stock, and besides that, it may decrease the number of other potential sponsors teams have (Khvastunov, 2011). Football club success is a dependent variable in several articles that affect the share price (Bunn et al., 2019). Palomino et al. (2009) findings investigate the effects of a football team's performance on the club's share price of stock showed a significant increase and a relationship between football club results in league with their ranking and stock price. Their findings become a good reference, and the results said that since good performance increases the number of audience and the TV media ranges, the club's profits increase. Also, lack of sport and sports media will be an essential loss. Therefore, the importance of media in the previous model of the sports industry and recent research is shown clearly (Aghaei Shahri & Azimzadeh, 2021).

Moreover, the impact of being unsuccessful in competitions for a club is more significant than the effect of winning a match. Moreover, the match results like wining or even losing a game have been returned to normal in a maximum of 5 trading days on stock price, which is the usual period between games in the league (Ferreira et al., 2017). The importance of the match is also an influential and significant factor that has many impacts on the football club's stock price and the way of trend (Khvastunov, 2011). Thus, the teams ranking position and the popularity of the league are significant elements for sponsorship.

Also to the football game results, there are additional variables known as valuable and practical elements for the price of football stocks: club's management changes (Dobson et al., 2001), signing the contract or renew a contract with players or the coach (Stadtmann, 2006), transferring the players of the academy to other clubs. Football match results are the influential factor of the team's stock price in the market, and the sponsors like Adidas, Kappa, Umbro, Nike, or Puma, which are the sponsors of the jersey, are as effective as other variables.

As mentioned above, there are significant results that show football matches can affect the price of the stocks in the stock market. Also, In the literature, the findings of research that focused on promoting sponsorship deals demonstrated that announcing sport event sponsorship mostly has a positive impact and had so many effects on the sponsor's stock market value (Clark et al., 2009).

As shown in table I, the three clubs selected for the main study are Chelsea, Manchester City, and Tottenham Hotspurs. According to Table 1, the football clubs in

the English league use separate sponsors who are working in various industries for their kit sponsorship and kit advertising.

Table 1. English Premier League clubs and sponsors.

Team	Shirt producer sponsor	Economic sponsor	Industry	Owner
Arsenal	Adidas	Emirates	Airline	Dubai, UAE
Aston Villa	Kappa	W88	Gambling	Philippines
Bournemouth	Umbro	M88	Gambling	Philippines & Gibraltar
Brighton & Hove Albion	Nike	American Express	Financial services	USA
Burnley	Umbro	LoveBet	Gambling	Malta
Chelsea	Nike	Yokohama Tyres	Automotive	Japan
Crystal Palace	Puma	ManBetX	Gambling	Malta
Everton	Umbro	SportPesa	Gambling	Kenya & Isle of Man
Leicester City	Adidas	King Power	Duty-free shop	Thailand
Liverpool	New Balance	Standard Chartered	Financial services & banking	UK
Manchester City	Nike	Etihad Airways	Airline	Abu Dhabi, UAE
Manchester United	Adidas	Chevrolet	Automotive	USA
Newcastle United	Puma	Fun88	Gambling	Isle of Man
Norwich City	Erreà	Dafabet	Gambling	Philippines
Sheffield United	Adidas	USG	Financial services	Australia
Southampton	Under Armour	LD Sports	(Sports) Media	China
Tottenham Hotspur	Nike	AIA	Life insurance & financial services	Hong Kong
Watford	Adidas	Sportsbet.io	Gambling	Curaçao
West Ham United	Umbro	Betway	Gambling	Malta
Wolverhampton Wanderers	Adidas	ManBetX	Gambling	Malta

According to [Table 1](#), Nike is the kit sponsor of all three clubs, Chelsea-Manchester City-Tottenham ([Hanke & Kirchler, 2013](#)).

The Nike Company was founded in January 1964 by Organ University Athlete Phil Knight and his trainer Bill Bowerman. Its original name is BRS or Blue-Ribbon Sport, and the company cooperated with Tiger, a footwear manufacturer in Japan, and began producing and selling 1300 pairs of athletic shoes almost a year after its founding. Two years later, in the year 1966, BRS established its first dedicated branch in California. Soon after, the company changed its name to Nike, which was registered in the year 1974. The company entered the New York Stock Exchange on 1980/12/02, and it has existed in the market yet. The company commenced trading on the first day of its entry into the New York Stock Exchange at an initial bid price of \$ 0.18 and an initial volume of 100.71 million shares. Over the years, the Nike stock price range was offered by the NKE name has been almost constant. In the early 1990s, with the massive changes in both the company and the New York Stock Market, we saw a rapid increase in the price of Nike stocks due to its high adaptability to the market and economic events of the period. Over time, both the price range and the volume has increased for a long time. At the beginning of its entry into the stock market, Nike was simply a manufacturer of sports shoes. Still, over time it has also begun to manufacture apparel and sports

equipment. Moreover, it has attempted to extend its variety of products (Flynn, 2015). Besides, Nike kit sponsorship in three big clubs in the English Premier league creates an excellent opportunity for it to become one of the famous sportswear manufacturers in the world.

In this research, the primary method for analyzing the data was the technical or chartist method. Technical analysis of financial markets involves providing predictions of assets prices based on reasons or trading advice based on visual testing and analyzing of the history of prices changes and trends (Edwards et al., 2012), besides specific quantitative summary measures and data of past price changes such as “momentum indicators” (oscillators) or moving (price) averages or other indicators (Taylor & Allen, 1992), but without any attention to underlying economic, or fundamental analysis.

More recently, however, many researchers have started to test the role of technical (Aghaei Shahri & Azimzadeh, 2021) world-wise, suggested that technical analysis may have been able and responsible for the overvaluation of the USD (United States Dollar). Some researchers have suggested that technical analysis may have been an essential and functional factor in international stock markets to understand the market behavior in the same era. Recent research based on survey data has also focused on investigating the theory that market dealers and stockholders use information wisely and widely in forming their expectations, adding theoretical skills to the study of market non-fundamentals. Though professional interest in the non-fundamental analysis of the stock market is increasing, there is a lack of functional examining and testing, other than theoretical, on the prevalence and use of such techniques in stock markets.

The technical analysis industry is expanding at an exponential pace. A few years ago, an internet search for “Technical Analysis” returned 206 million responses. Now it returns 1.36 billion answers. Even after weeding out duplicates and mismatches, it is still a tremendous amount of material. Do not be intimidated by the sheer size of the available material.

Technical analysis is not only a set of tools. It is also a mindset, a way of looking at securities prices and how they wag and what wags them. The first principle of a technical perspective is to throw conventional wisdom out the window and trade what you see on the chart (Achelis, 2000). Technical analysis is an evidence-based method of making trading decisions, which means you won't be consulting earning per share, cash flow, management quality, or any other fundamentals that lead to an assessment of value. Technical analysis isn't valued investing (Edwards et al., 2012). Value investing would have you continue to hold high-value security despite a significant price drop. The technical analysis trader will sell it, knowing he can always come back after the price bottoms and starts recovering.

Today's technical analysis has a broader understanding and appreciation of statistics and probability, and thus the value and pitfalls of forecasting (Achelis, 2000). The theory of probability originated in the 16th and 17th centuries but dealt mainly with the outcomes of games (Edwards et al., 2012). Nowadays, even ordinary people routinely ask health questions of their doctors in probability terms, such as what percentage of minor children without the meal's vaccination does it take for the rest of the school class to risk a measles outbreak? So, all people somehow use technical analysis in their life,

and they become technical analysts over time. Technical analysts use lines and indicators to identify the price moves that provide a reliable forecast of upcoming future price moves. The word “forecast” makes everybody squeamish because everyone knows stories of catastrophically bad ones.

Technical analysis is not confined to just math-based techniques, as some people may think. Utilizing math is a breakthrough and a curse.

In price action analysis, the math may not outperform human judgment and the human eye because numbers may lie all the time in price action analysis. It is possible to have a textbook-perfect trend with two, three, four, or more confirming indicators, and it can still run into a brick wall – awful news that trashes the security price over one night. Math can never overcome the inconvenient fact that a Shock (news or accidents of the economic or political environment), which no one can forecast, may overwhelm any price trend.

3. Methodology

This study used Nike stock data as a kit sponsor of three teams; Manchester City, Chelsea, and Tottenham Hotspur clubs presented in English Premier League. The data was gathered to study the effects of this sponsorship in stock and price trend of Nike Company.

For collecting the data, we used NYSE through the prestigious Yahoo Finance website for extracting stock price data (2019b). The data was from 01/01/2013 till 30/12/2018 for Nike Company. After that, we used technical analysis as a functional analysis tool in the stock market. The Technical analysis has so many indicators that we try to use the three most practical ones named Moving Average, MACD, and RSI in this research.

The Moving Average indicator is a delay indicator and also a trend calculator at a specific time interval. In this type of indicator, the upward trend (bullish trend) selection period may be more beneficial for subsequent surveys ([Achelis, 2000](#)).

The MACD Indicator is the Convergence / Divergence Moving Average Indicator introduced by Gerald Appel in 1970. The advantage of an indicator is the combination of some oscillator principles. The MACD is very simple to calculate; the difference between exponential moving averages for 26 and 12 days. There is a plot of another exponential average for 9 days which is placed on top of the MACD to indicate long/short opportunities; it is called “trigger” or “signal” ([Edwards et al., 2012](#)). Interpretation of MACD is easy to be used for traders. In this study whenever the MACD crosses the zero upward, it means there is a buying opportunity while if the MACD crosses the zero downward, there is a selling opportunity. There are two lines on this indicator on the process stage, but the calculations are processed with three lines ([Edwards et al., 2012](#)). Red and blue lines upward and downward crosses announce the buy-and-sell warnings. The best buy warning is when prices fall well below zero (emotional sales).

Appel sometimes utilizes different lengths for the EMAs, depending on the behavior of the security and trading objectives, shorter or longer term. He also analyses longer-term perspectives using weekly data, based only on the candle's closing price for the last day of each week. Appel showed that his basic MACD is an adaptable concept to any

time-frame from daily to monthly. Instead of applying a simple mechanical rule for interpreting MACD, Appel has established proprietary decision rules for sale in a research report and videotape.

For using MACD, it is necessary to experience and judgment as Appel intended. Even naïve testing assumptions illustrated that MACD might have some objective potential value as a purely mechanical, trend-following, and trend-based technical indicator. The majority of monthly buy signals would have been profitable for long-term trades only. MACD would have slightly outperformed the passive buy-and-hold strategy for long trades, while short selling would not have been worthwhile.

Alongside this indicator, there is the RSI indicator, which was introduced by Welles Wilder in 1971 and is one of the most famous indicators. The RSI indicator is one of the most vital indicators in the market that measures the strength of recent closing price changes by a priori values. Then it converts to a numerical scale between 0 and 100.

$$RSI = 100 - (100/(1+RS))$$

RSI is the ratio of the exponentially smoothed moving average of n-period gains divided by the specific value (i.e., ignoring sign) of the exponentially smoothed moving average of n-period losses (Yazdi & Lashkari, 2013).

As a formula, RSI does not relate any security to any other security. Instead, RSI quantifies price momentum. It only depends on the changes in exact closing prices. Despite its name, it has nothing in common with the traditional Relative Strength, whereby the price of a stock is divided by a broad market index (such as the Standard & Poor's 500 Index) to arrive at a ratio that shows the trend of a stock's performance relative to the stock market. Instead, Wilder's RSI is a front-weighted price velocity ratio for only one thing (a stock, a futures contract, or an index). In conformity with the standard interpretation of price velocity oscillator generally, Wilder places considerable emphasis on confirmations and divergences of RSI compared to the underlying stock price series.

RSI's method of calculation, utilizing Exponential Moving Averages, correctly avoids the problem of sudden movement caused solely by dropping off old data, that is, the issue of the "take away" number, an issue that plagues such popular indicators as short Simple Moving Averages, Rate of Change, and Stochastics. Exponential smoothing also reduces the need to work with long columns of historical data each day or each week. The smaller n is, the shorter the period measured and the more sensitive the indicator. The larger n is, the longer the period measured and the less sensitive the indicator. Wilder's suggested n-period measurement for 14 days. Other popular lengths are 20, 14, 10, 8, 7, and 5 days. We found that the shortest one, five days, gives us the best result.

The indicator can also be proved to any time frame, from minutes to months (Yazdi & Lashkari, 2013).

Because of that large number of market analysts use this indicator. This indicator measures the ups and downs and gives this number in the desired range. If the indicator shows a number above 70, the market is in an oversold position, and the price is higher

than expected. If it gives a number below 30, the market is overdrive, and the price is too low (Fathi & Parvizi, 2016).

For contracts issuance date between sponsor and club, the club's website information was used. Initially, the NKE price data was gathered from 01/01/2013 to 30/12/2018 from the stock market. Then, the dates of issuing announcements were found on the club's websites. For analyzing the price actions of the industrial companies, their price trend information is extracted from the stock market that companies are present in the same period. The date of the sponsorship announcement of the Nike for the clubs, as mentioned above, was also presented to Manchester City fans on 09/07/2015 and 25/07/2015 for Tottenham Hotspur fans on 30/06/2014 and Chelsea fans on 01/07/2017 and 08/07/2017. These dates are the date of release of Nike kit sponsorship news to the public (2019a).

Similarly, the date of sponsorship announcement of industrial companies on 16/07/2015 was signed between the Chelsea club and Yokohama Tires, and the date of presentation of the logo on 25/07/2015 (2017). On 18/07/2014, AIA also stated sponsorship of the Tottenham club (2014). In the meantime, Etihad has been sponsoring the Manchester City Club for more than a decade, so the announcement is missing for the studying period (2009).

4. Results

As Figure 1 the price trend and movement of the Nike Company were studied in the mentioned period, and there were some anomalies and changes in trend at the issuing date of the announcement.



Figure 1. Nike Co. stock price trend in stock market.

The date of issuing sponsorship announcements by the clubs and the change of the price trends outlined in Figure 2, which indicate a significant and obvious increase (bullish marketing) in price trend.



Figure 2. Schedules for clubs to issue a statement of support.

According to Figure 2, the red shapes illustrated three English Premier League clubs (Manchester City, Chelsea, Tottenham) from 2013 to the end of 2018. In this period, sponsors are looking to sign a preliminary contract or renewal. According to data gathered from the stock market, on the date of the club announcement issuing Nike kit sponsorship, visible changes in the price trend make it essential to examine the impact of kit sponsorship in the Premier League. The effects of signing contracts are visible on trend change.

Data were analyzed by using Technical Analysis through three indicators RSI, MACD, and Moving Average.

According to Figure 3, as shown below, the red shapes illustrated the date of announcements, and the green shapes described the trend according to the MACD indicator. According to Figure 3, when issuing the announcement on 30/06/2014 for the Tottenham Hotspur Club for the first and second clothing kit, the moving average indicator is near the main trend line, so the proximity of the two indicators lines indicates the low potential of the trend change. However, we can see a price action changing after issuing the announcement.

On 09/07/2015 and 25/07/2015, when another announcement of Nike's sponsorship for the Manchester City club is issued, the moving average indicator is above the trend line. The MACD indicator is near Zero, which means that the trend is equilibrium. After the announcement issuance, the MACD has tilted to the zero lines and set the trend change to high prices (bullish trend). Meanwhile, price reforms should not be ignored in the market.

In 2017, when the following announcement of the kit sponsorship for Chelsea is announced on July 1st and 8th, Nike is still showing a change in the stock trend with both indicators increasing.



Figure 3. MACD Price Indicator.

In addition to the topics mentioned by the MACD indicator, the RSI indicator is again used to confirm the trends stated for each statement at that time.



Figure 4. RSI indicator analysis on the price trend.

According to Figure 4, in all three cases, green marks show the RSI is in the range of 60 to 70, illustrating a bullish market trend towards its saturation and a price increase. This figure demonstrated that the indicator also supports the previous two indicators due to the positive effect of sponsorship announcements.

Club sponsors, such as Yokohama, are also listed on the Tokyo Stock Exchange because of their Japanese nature, Assessed in Figure 5.



Figure 5. Yokohama Tires price trend chart on the Tokyo Stock Exchange.

After gathering the price data of Yokohama Rubber C.O on the Tokyo Stock Exchange and removing wrong and not fitted ones, the data were examined for the price trend on issuing announcements on 16/07/2015 and 25/07/2015 by applying three technical analysis indicators. On the first date, the sponsorship news and the second one, the company badge print on the clothing kit, was announced, shown in Figure 6; along with the announcements, there is a change in the trends.



Figure 6. Yokohama Price Chart with Three MACD-RSI-Moving Average Indicators.

According to Figure 6, there were some changes in the trend. The price trend was ascending on that date. The review and implementation of the technical analysis tool found out that over the date of 16/07/2015 and 25/07/2016, the ascending trend was caused by issuing the announcements.

As shown in the lower part of Figure 6, the linear proximity to the RSI and MACD indicators to the middle line indicates the direction of the Bullish marketing and the saturation threshold for buying, making it possible to describe the uptrend. In both indicators, acceleration is also evident from the first issuing of the announcement until the Yokohama kit sponsorship announcement issuing at the date of the second one.

The second case was also investigated by AIA, which operates on the Hong Kong Stock Exchange. The price information of the company was extracted at the desired time and analyzed in Figure 7, according to the date of the announcement.



Figure 7. AIA stock trend chart in Hong Kong Stock Exchange.

According to Figure 8, the followings are the practical uses of the three indicators and how they respond to the trend. These three indicators were examined and analyzed on the date of the issuing of the announcement.



Figure 8. AIA Price Chart with Three MACD-RSI-Moving Average Indicators.

You can see the effects of announcing on 18/07/2014 for the company in the stock market. MACD and RSI first put a midrange departure on the green shapes, indicating the impact of the news on the market. By continuing on the trend line, we can see bearish trends and changes that occur when the lousy report or bearish marketing happens. However, after that, there is a significant change in the trend. The ascending movement is caused by being a sponsor for this Premier League club on the effects of issuing the announcements.

5. Managerial implications

The important thing is that despite the expected results for the sponsorship companies at the beginning of the announcement, there is also the possibility of a complete reversal stock trend at the end of the season if the club does not receive the results or get bad ones (Batmunkh, 2021; Cornwell & Kwak, 2015; Zapata Agüera & Martínez Caro, 2021). Alongside these results, it should be pointed out that some things lead to a significant change in the results of this study. For example, notable events that occur in the stock market or the economic market of countries can make the effects distort reality. Similarly, if too many competitors participate in negotiations between clubs, there will be significant changes in the equity process if a company wins. So, there are so many reasons that can affect the price trend of the sponsorship company, but with all these risks, the companies are very interested in being a sponsor for the football club. The results of this paper can be one of the main reasons for the companies to get the kit sponsorship of the football club to see how their price trend is going to change.

6. Discussion and conclusion

This study examined the relationship between being a kit sponsorship for a football club and its effects on its stock market value by studying the price trends and analyzing the trend with robust technical analysis methods. Studies show that issuing sponsorship announcements have affected stock trend change in the stock market.

The study considers the stock trend of kit sponsorship companies (Nike) and three industrial companies, which sponsor three famous football clubs in the English Premier League.

It also included utilizing the technical analysis and its three indicators for analyzing the effects of the announcements on the stock trend.

Theoretical analysis of kit sponsorship for clubs has, in most cases, led to an upward shift in the stock market trend (bullish trend) and an increase in corporate stock market clients (Abril Barrie et al., 2018; Doellman et al., 2022). The initial hypothesis expresses that the English League clubs' kit sponsorship effect on the equity market trend is sufficient (Silvestre & Santos, 2007; Šíma, 2019). According to Figure 3 and 4, the utilized indicators (Moving Average – MACD – RSI) indicates a trend change after issuing the announcements.

Both lines of the MACD indicator were above the zero lines in both stages of the study, indicating stability in trends that change after the announcement. The lines are below the zero lines in the last step, so there is a potential buying alert shown in the market. It is because of the sharp fall in trend for other reasons before issuing the announcements. The RSI also indicates the market trend towards saturation and high stock prices throughout the issuance of the announcements, which confirms the purpose of this research.

Significantly, a new sponsor for the clubs is pronounced in the brand-related fans number because the sponsor company's fans are becoming the club fan too (Bunn et al., 2019; Thomas, 2015). By increasing the number of fans, it is customary to see an increase in a stock market exchanging volumes, and it is normal to have a change in the stock trend.

Disclosure statement and funding

The authors declare no potential conflicts of interest. The present study received no financial support from any organization or institution.

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