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Can sponsorships be harmful for events? Investigating the transfer of associations from sponsors to events.

(RESEARCH PAPER)

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Abstract

This paper outlines how sponsorships can be beneficial or harmful to events. Using an experimental design and focusing on association transfers surrounding a snowboarding event, we illustrate that the sponsoring brand associations have a significant effect on the associations of the event. Our results indicate that in this instance some associations are transferred; others are not significant. Event managers must track which of these association transfers are occurring in order to understand and maintain their desired positioning.

Keywords

sponsorship
association transfer
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harm to events
Executive summary

This paper outlines how sponsorships can be beneficial or harmful to events.

Companies try to absorb part of the image of sporting events by becoming the official sponsor of the event. In this way they hope that the consumer will link associations of the event with associations of the sponsoring company, thereby transferring the image of the event to the image of the sponsor,

This paper adds to the extant literature by investigating whether a sponsorship can influence the image of a sponsee. More specifically, it examines the transfer of associations from a sponsor to a sponsee. By doing so, it will illustrate how sponsorships can create but also destroy value for the sponsee--beyond the sponsorship fee.

Using an experimental design and focusing on association transfers surrounding an event, we illustrate that the sponsoring brand associations have a significant effect on the associations of the event.

A fictitious snowboarding competition was chosen as a context in which the research subjects, students, had significant relevance, interest and participation. A post-test-only experimental design was utilised where we altered the sponsoring brand keeping everything else constant.

We prepared two almost identical newspaper articles about the event, which differed only in the brand that was mentioned as the key sponsor. Two brands were selected based on a strong profile and their expected divergent contrasts in terms of elicited associations. The first brand, Quiksilver, is a winter sporting goods manufacturer and was likely to have many complementary associations in reference to the event. The second brand, KPN, a telecommunications provider, was chosen in the belief that it did not have as strong a complementary association fit with the event.

The respondents were randomly assigned to either one of two experimental groups. We measured the respondents' association with the event as well as with the sponsor by means of the attributes 'tough', 'boring', 'sporty', 'young', 'cosy', 'alternative', 'formal', 'old fashioned', 'reliable' and 'slow', because the pretest revealed these were the relevant associations worth exploring.

The results indicate that the image of a sponsor has an impact on the image of the sponsee and can either enhance or damage an event.

The findings are of importance to both sponsees and sponsors. The sponsees must be very careful in the recruitment and selection of their sponsors. It is important for event organisers to understand and use this knowledge of association transfer as an image building tool in the same way sponsors do now.

Sponsees must also be aware of possible implications for damage to their event image that can be readily caused by sponsors with bad or dull images or are likely to experience a transgressional event. Sponsees should now realise that they need to attract appropriate sponsors that supplement their event image strengths and reinforce their existing event weaknesses. If events can attract brands with a suitable image as their sponsor, they may also benefit from the positive image flow on effects. In such a case, the value of a sponsorship for the sponsee goes clearly beyond the sponsorship royalty.

Introduction

Sponsorship's importance as a marketing communications tool has increased significantly in comparison to traditional advertising (Erodogan & Kitchen, 1998; Harvey, 2001) Amis et al (1999) argue that "a sponsorship agreement should be considered as a resource which, if carefully managed, can be developed into a distinctive competence capable of producing a sustainable competitive advantage for a firm." Sponsorship objectives vary and may relate to a range of brand and strategic objectives (Farrelly & Quester, 2005a). As Cliffe and Motion (2005) point out, sponsoring can be useful to create brand awareness and brand loyalty, and it is useful for the creation of brand experience. According to Gwinner & Eaton (1999), companies try to absorb part of the image of a (sporting) event onto themselves by becoming the official sponsor of the event. They hope that the consumer will link associations of the event with associations of the sponsoring company, thereby transferring the image of the event to the image of the sponsor (Cornwell et al, 2001; Javalgi et al, 1994; McDonald, 1991; Roy & Cornwell, 2003). Gwinner (1997) illustrated that this belief is justified because sponsorship does transfer associations from the sponsored entity (the sponsee) to the sponsor. Recently, a new stream has emerged within sponsorship research, extending Cornwell and Maignan's (1998) cartography of sponsorship research. The relationship between sponsee and sponsor has been identified as a relationship typical of a business-to-business relationship (Farrelly & Quester, 2005a, b). This introduces other business-to-business constructs into the equation, such as the notion of value creation and dissemination within that relationship from both parties' perspectives.

This paper adds to the literature by investigating whether a sponsorship can influence the image of a sponsee. We will examine the transfer of associations from a sponsor to a sponsee. By doing so, we will illustrate how sponsorships can create but also destroy value for the sponsee--beyond the sponsorship fee.

There are many examples of sponsors influencing the image of an event. One of the most prominent is that of the 1996 Olympic Games in Atlanta, which was labelled the 'Coca-Cola Games' (c.f. Pope et al, 1997). In many countries, this negatively affected the credibility of the Games.

Despite anecdotal evidence that a sponsorship can effect an event's image and have severe consequences for the overall event image, there are no scientific investigations relating to this. Moreover, Gwinner (1997) even doubts that such effects actually exist. However, following the clear outline of Ferrand and Pages (1999), that a sponsee can also be considered as a unique brand, it remains unclear why an association transfer between two brands should be believed to only occur from the brand of the sponsee to the brand of the sponsor and not vice versa. We aim to test the previous contention of Gwinner and Eaton (1999), to explore further the direction of association transfer.

Literature review and hypothesis development

According to Cornwell and Maignan (1998), "sponsorship involves two main activities: (1) an exchange between a sponsor and a sponsee whereby the latter receives a fee and the former obtains the right to associate itself with the activity sponsored; and (2) the marketing of the association by the sponsor. Both activities are necessary if the sponsorship is to be a meaningful investment". In line with Cornwell (1995), we take sponsorship to be "the orchestration and implementation of marketing activities for the purpose of building and communicating an association to a sponsorship". Both definitions emphasise the association between the sponsor and the sponsee.

Obviously, this association is not restricted to a legal association, but actually represents the accumulated mental associations within consumers' minds. According to Gwinner & Eaton (1999), sponsors hope that the consumer will subconsciously link associations of the event to associations of the sponsoring company, thereby transferring the image of the event to the image of the sponsor. Madrigal (2000) found that through sports sponsorship, a company can link itself or its product to the strong feelings a consumer has towards the sponsored team. A company that is able to successfully tap into a consumer's psychological connectedness with a sports team can encourage greater consumer attachment and commitment to the sponsor's brand. Available empirical evidence on the direction of image transfer demonstrates transfer from the sponsee to the sponsor.

This identifies a clear need for further research into image transfer through the sponsorship relationship and the directionality of image transfer. It is apparent that association of transfer from sponsor to sponsee has yet to receive the attention it deserves. To further explain association transfer, we next discuss two theories pertinent to this domain: first, the structure of memory as represented by the associative network memory model; and second, learning theories as represented by classical conditioning theory.

Humans deal with a vast array of information every day. An individual is able to function in this complex environment through use of cognitive systems (mental thinking processes) and affective mental systems (feelings and emotions) to evaluate information and situations as they arise. By these processes, only the most relevant information reaches the mind. The two systems are interconnected and influence each other (Peter et al, 1999). In order for information to reach a person, the person has to be exposed to the information and has to pay attention. Furthermore, the stimulus needs to be interpreted (comprehension) and meaning has to be attached. This interpretation process can occur by a central route--the use of cognition--or by the peripheral route to persuasion--the use of cues (Petty et al, 1983). When relevant information successfully navigates an individual's screening mechanisms and reaches the mind, it has to be stored. There are many theories concerned with the organisation of the mind. The associative network memory model is commonly accepted (Blackwell et al, 2001), and we acknowledge that this categorisation model also has critics (Gregan-Paxton & Roedder 1997; Restak, 1995), but a full review of the numerous theories detailing the functioning of memory is not our purpose here.

The associative network memory model views the memory as a spider web of nodes and links. Nodes are stored information connected by links that vary in strength (Keller, 1993, p.2). A node can be activated by external information or by internal information that is retrieved from long-term memory (Anderson & Bower, 1974; Anderson, 1983). This activation can spread to other linked nodes. For example, in the case where a spectator is watching a sponsored football game, this person will have nodes in their mind with information about the football game, nodes with information about the sponsoring brand and possibly, if the marketing has been effective, links between the two. Information can be spread from one node to the other. The scope of the activation and the amount of retrieved information from memory is determined by the strength of the association between the activated node and the linked nodes (Rossiter & Bellman, 2005; Woelfel, 1995). The appropriateness of the association and the presence of cues can also have an influence (Aaker & Keller, 1990). Consistent with this theory, a brand can be viewed as a node in memory that includes some linked associations.

Brand associations are developed from different sources, such as product use, informational sources and secondary associations with other entities, for example attribute associations related to a celebrity endorser or a sporting event (Gwinner, 1997; Keller, 2003). These secondary associations can lead to a transfer of associations. Finally, brand associations can vary in their degree of favourability, strength and uniqueness (Keller, 1993).

In the 'transfer of associations', some associations that are linked to one object in the mind are transferred to another object within the mind (Keller, 1993, p.3). Therefore, the second object gets image association transferred to it that is consistent with the first object. Recently this has been demonstrated with brand personality transfer effects in the Ryder Cup (Deane et al, 2003). IBM supplemented its brand personality by being associated with an exciting and sophisticated event. If the dynamics were to work in reverse, it would be entirely possible that a sporting event might become associated with an attribute such as 'dull and boring' for being sponsored by an insurance company.

This 'associative learning' can be further supplemented by outlining the simple principles of classical conditioning learning theory. This theory explains how a stimulus acquires new meaning by its association with another stimulus (Blackwell et al, 2001, p.461). The theory became famous through Pavlov's (1927) dog experiments. Associations can, therefore, also be transferred via classical conditioning. Image transfer will be stronger when brands are more familiar (Simonin & Ruth, 1998). So, when familiar companies with strong brands and associations sponsor events, stimuli will be elicited and this will make learning (via classical conditioning) more likely.

Many organisations use conditioning to facilitate conditioned responses, as researched by Robertson and Kassarijan (1991, pp. 162-187) and McSweeney and Bierley (1985, pp.301-315). Event managers might use similar strategies with sponsor solicitation to create positive affective responses. By this process, positive, or indeed negative, feelings may be evoked (Peter et al, 1999).

Interestingly, neither of the two theories outlined above specifies the directionality with which image transfer occurs. As the associative network model views a brand as a node in memory including some linked associations, and as this theory assumes it is possible to transfer these associations from one object in mind to another, a transfer of associations from the sponsor to the sponsee is likely to occur. Furthermore, the classical conditioning theory explains how a stimulus acquires new meaning by association with another stimulus. If, for example, a sporting event is repeatedly paired through sponsoring with a brand having strong and favourable associations, the event is likely to evoke the same favourable associations. The literature discussed shows that a transfer of associations from the sponsor to the event should be possible. This results in the following hypothesis:

H1: If a sponsoring brand is linked to an event through sponsorship, some of the associations with the sponsoring brand will be transferred to the image of the event in people's minds.

In keeping with the recommendation of Rossiter (2002), we would like to clarify the terminology of 'image transfer' and 'transfer of associations'. It appears that these terms are often used interchangeably (Gwinner & Eaton, 1999; Meenaghan, 2001; Gwinner, 1997) or without a clear enough distinction between the two. In line with the associative network memory model, one can argue that these two concepts are not the same. Keller (1993, p.3) defines brand image as "perceptions about a brand as reflected by the brand associations held in memory". So the image of an object contains all of the collected brand associations a person has with that object. If the term 'image transfer' is being used, this implies that in the case of a transfer, the image as a whole will be transferred instead of single brand association. A complete or full image transfer is not very likely to occur for two main reasons. First, an image contains many kinds of associations, namely:

(1) product-related or non-product-related attributes,

(2) functional, experiential or symbolic benefits, and

(3) overall brand attitudes (Keller, 1993).

It seems impossible, although not yet proven by research, that sponsorship can cause a transfer of all three kinds of associations at once. Although we acknowledge that extremely effective sponsorship programmes probably do transfer many associations, we doubt that there are many instances of full image transfer. Secondly, the associations can differ in their degree of favourability, strength and uniqueness (Keller, 1993).

Methodology

According to Cornwell et al (2005), there is a need for more experimental research to improve the understanding of processing mechanisms of sponsorship communication. As our research question is not only related to a relationship between two variables but also questions the direction of the influence, a causal research design was selected.

In principle, any respondent group can be used to test a universal theory; however, characteristics of the group chosen are interrelated with the operationalisations of theory variables (Calder et al, 1981). We strived for a homogeneous yet relevant subgroup, and decided upon a student sample. In order to avoid the possibility of Type II errors, we followed Ferber's (1977) recommendation to employ operationalisations that are relevant for the subject population. We identified snowboarding as a context which for students had significant relevance, interest and participation.

A post-test-only experimental design was utilised, in which we altered the sponsoring brand but kept everything else constant. We prepared two newspaper articles about a fictitious snowboarding event, which were almost identical, differing only in the brand that was mentioned as the key sponsor. Our experiment resembles the approach taken by Gwinner and Eaton (1999). A pre-test among 33 students was conducted in order to identify the most important associations pertaining to a snowboarding event as well as to select the sponsoring brands to be used for creating the contrasting stimuli.

Two brands were selected based on their strong profile and their expected divergent contrasts in terms of elicited associations. The first brand, Quiksilver, is a winter sporting goods manufacturer and likely to have many complementary associations in reference to the event. The second brand, telecommunications provider KPN, was chosen in the belief that it did not have as strong a complementary association fit with the event.

In all, 112 undergraduate business administration students participated in the experiment. The respondents were randomly assigned to one of two experimental groups. We measured the respondents' associations with the event and with the sponsor by means of the attributes 'tough', 'boring', 'sporty', 'young', 'cosy', 'alternative', 'formal', 'old fashioned', 'reliable' and 'slow', because the pre-test revealed these were the relevant associations worth exploring.

Results

The statistical analysis utilised multiple analysis of covariance (MANCOVA). There are two reasons for this choice of method. First, MANCOVA's capability for testing the influence of factors on several metric dependent variables supports a simultaneous assessment of the change in all associations with the event. The experiment-wide error rate is thereby taken into account. Second, MANCOVA allowed us to control for several continuous variables. These included the individual's involvement with each brand and the perceived fit between the brand and the event.

The MANCOVA showed that the sponsoring brand has a significant effect on associations with the event, $F(10,99) = 2.357$, p-0.015. Tests of between-subject effects indicated that not all associations with the event are affected. The outcomes are per attribute (in parenthesis, the level of significance, if significant): tough (0.002), boring (0.053), sporty (0.040), young (0.012), cosy (n.s.), alternative (0.067), formal (n.s.), old fashioned (0.011), reliable (n.s.) and slow (0.063).

Conclusion

From the empirical study, our central hypothesis could be confirmed: The image of a sponsor has an impact on the image of the sponsee. Thus we established through association transfer that not only can the sponsor's brands be enhanced or damaged (c.f. Wilson et al, 2004; Wilson et al, 2005; McCracken, 1988) by association, but that the same mechanism works the other way around: The image of a sponsee can be influenced by a sponsorship from a particular sponsor. This finding has important implications both for marketing practice and theory.

Our findings are relevant to sponsees and sponsors. Sponsees must take great care in the recruitment and selection of sponsors. (We acknowledge that this is a luxury most sponsees cannot afford.) It is important for event organisers to understand and use this knowledge of association transfer as an image-building tool in the same way as sponsors do now. Sponsees must also be aware of possible damage to their event image that might be caused by sponsors with bad or dull images. Sponsees need to attract sponsors that supplement their event image strengths and help overcome their event weaknesses. The value of a sponsorship for the sponsee then goes clearly beyond the sponsorship royalty. For all parties, sponsorships can be regarded as a fountain of meaning. Sponsees create meaning through their activities, and sponsors contribute to the strong, favourable and unique associations being built into an event.

Our research has clearly demonstrated that the fountain of meaning is not perpetual but can be harmed by heavy consumption. The latter is the case when a brand with strong but unfavourable associations sponsors an event. Due to the deterioration of the event's image, the value that the sponsor gets out of the sponsorship diminishes. This can lead to a vicious cycle leading, at worst, to event image degradation and dissolution. Furthermore, sponsorship managers should consider the association transfers from all sponsors to sponsee when deciding upon their own sponsorships. Not only will the sponsee's image be influenced by the sponsor's image, but also by the images of possible co-sponsors.

Our contribution resolves doubts about the existence of sponsor to sponsee transfer effects (see, for example, Gwinner, 1997). Although the artificial character of the experiment limits the external validity of the findings, the generalisability is high due to the sound theoretical grounding. Replication would obviously increase the external validity. It would also be most valuable to consider other potential moderating effects of the association transfer process. For example, the degree of similarity between the sponsor and the event (McDaniel, 1999; Gwinner & Eaton, 1999; Rifon et al, 2004) and the degree of involvement the consumer has with the sponsor or the event (Meenaghan, 2001). Aaker and Keller (1990) argue that it is likely that the extent to which associations will transfer also depends on the appropriateness of the association and the presence of cues to activate the association. It would be of interest to investigate different cues and creative strategies to identify which format offers the strongest conduit for successful association transfer. Extensive research is needed to investigate these moderating effects conceptually and empirically, in order to identify conditions which facilitate or hamper the transfer of associations. Finally, the role of co-sponsors on consumers' brand experiences is an important issue that also needs to be explored.

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