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Managers' Perceptions of the Impact of Sport Sponsorship on Brand Equity: Which Aspects of the Sponsorship Matter Most?

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Abstract

This paper examines how sponsors perceive the impact of different elements of a sponsorship package on brand equity. An empirical study using an online survey was conducted among key managers involved in sponsoring football clubs in the Netherlands. This study develops a formative measure of sponsorship, termed the Sport Sponsorship Index, and links this measure with brand equity. Results indicate that the various facets of a sport sponsorship package, such as exposure of the brand and coverage of the sport, are perceived by sponsors to contribute differently to the impact on brand equity. Within sponsorship negotiation, these findings assist all parties in understanding the relative importance of the elements of a sponsorship in fulfilling brand-related objectives. By constructing and validating an adequate scale of the key components incorporated into a sponsorship package, we provide sport administrators with item level diagnostics which can contribute to improving their sponsorship offering.

Introduction

Sponsorship is considered to be an effective means of enhancing brand awareness and brand image (Gardner & Shuman, 1988; Keller, 2003). Sport sponsorship in particular has become a popular instrument for the management of brand image, brand personality, and other dimensions of brand equity across a wide range of industries (Javalgi et al., 1994). According to the International Events Group (IEG, 2010), an estimated 68% of sponsorship money is invested in sporting events. The body of research concerning sponsorship and its influence on brand equity has steadily increased in the last decade.

Sport sponsorship can be viewed as a strategic business-to-business (B2B) relationship between a sponsor and a sport entity or athlete for mutual benefit (Farrelly & Quester, 2005a). Companies engage in sponsorship activities to satisfy a number of objectives such as relationship building, general entertainment

for stakeholders, new business development opportunities, and building brand equity (Funk, 2008; Pope & Turco, 2001). Given the business relationship between sponsors and sport entities, it is critical that sport entities understand how sponsors may view each aspect of the sponsorship in terms of achieving brand-related objectives. However, there is limited research on how managers assess the ability of a sponsorship to fulfill specific objectives, particularly those related to brand equity. Cornwell, Roy, and Steinard (2001) have provided some insight to this issue by exploring managers' perceptions of sponsorship as a tool to build various elements of brand equity. Their findings suggest that sponsorship is perceived to contribute more to building brand equity through awareness and image than through loyalty and brand personality. However, the reason for this is not clear, nor has it been established which elements of a sponsorship are perceived to contribute most to building brand equity. In a review of