## **Spill-over Effects in Multi-sponsored Events: Theoretical Insights and Empirical Evidence**

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Schema congruency theory suggests that consumers' judgments of a sponsoring firm's brand, such as attitudes toward the brand, are influenced by the degree of similarity or fit between the event and the brand. In short, the better the perceived fit, the more likely that the positive associations one has with the event will transfer to the sponsor's brand. For a variety of reasons nowadays many events are co-sponsored, hence research is required to understand the ramifications that one sponsor may have on perceptions of another sponsor's brand. Within this study we present empirical support that: 1) perceived fit between an event and a sponsor as well as the fit between cosponsors can be defined on three dimensions; and more importantly, 2) that perceptions of one sponsor spill-over to affect perceptions of another sponsor - an insight of clear practical import. Just as associations between the event and the sponsor influence consumers' perceptions, so do perceived associations between co-sponsors.

Fields of Research: Sports Marketing and Sponsorship; Marketing Strategy

#### Introduction

In 2004 US\$28 billion was expended worldwide on sponsorship (IEG, 2003). Given its size and rate of growth, it is not surprising that research in sponsorship now spans several academic literatures, including advertising, consumer behaviour, social psychology and strategy. Despite the mushrooming sponsorship-related research, how precisely firms gain (or lose) from sponsoring events is little understood. Current research in sponsorship tends to embrace – implicitly or explicitly – schema congruency theory (c.f., Gwinner and Eaton, 1999; Jagre, Watson and Watson, 2001; Cornwell, Weeks and Roy, 2005). Schema congruency theory maintains that consumers' judgments are influenced by the degree of similarity between two or more entities (Fiske and Taylor, 1991).

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In the sponsorship arena, the focus has been on the fit between the event and the sponsor, and the effect fit has on various consumer judgments, such as attitude toward the sponsoring firm's brand(s). In short, the better the fit, the more likely positive associations with the event will transfer to the sponsor. However, for a variety of reasons many events are co-sponsored, hence research is required to understand the ramifications that one sponsor may have on perceptions of another sponsor's brand. For example, a start-up organizations might think it advantageous to cosponsor an event where the primary sponsor has a positive image, like Mercedes-Benz or Rolex; conversely, they might not think it desirable if the other sponsor has a less than stellar image, as may be the case with a tobacco company. While this seems intuitively reasonable, this assumes there are spill-over effects between sponsors: if there are no spill-over effects, the type and number of co-sponsors should not factor into the decision to sponsor an event (barring instances where a decision to or to not sponsor is based solely on ethical considerations). We are unaware of any research that addresses this potentially important consideration, a knowledge gap this manuscript endeavours to fill. Just as associations between the event and the sponsor influence consumers' perceptions, so may the perceived associations *between* co-sponsors.

However, before this question can be answered what must first be established is what constitutes "fit" within sponsorship? Multiple definitions of fit, each with corresponding measures, have been advanced. This source of ambiguity must be rectified for a comprehensive theory of sponsorship to emerge.

Thus, this research effort is motivated by two questions:

What dimensions define fit within sponsorship? What effect, if any, do associations between sponsors have on brand perceptions?

To address these questions, we first present relevant theory. Next, research hypotheses are advanced which are then tested using a controlled experiment. The manuscript concludes with managerial implications.

## 2. Conceptual Overview

"The increasingly important role played by sponsorship in the marketing mix has given rise to the view that it should be considered a strategic activity with the potential to generate a sustainable competitive advantage in the marketplace" (Fahy, Farrelly and Quester, 2004, p 1013).

Sponsorship linked marketing is defined as the "orchestration of and implementation of marketing activities for the purpose of building and communicating an association to a sponsorship" (Cornwell, 1995, p 15). Its purpose is to positively influence an organization's brand (Amis, Slack and Berrett, 1999) by increasing brand awareness (D'Astous and Bitz, 1995; Keller, 2003), recall (Stipp and Schiavone, 1996; Johar and Pham, 1999), and/or purchase intentions (Javalgi, Traylor, Gross and Lampman, 1994; Gwinner and Eaton, 1999; Madrigal, 2001). In so doing, sponsorship provides an opportunity to improve consumers' perceptions of a company and its brands, thereby increasing brand equity (Keller, 2003; Cornwell Weeks and Roy, 2005). These benefits are attributed to the perceived associations between the event and the sponsor (Cornwell and Maignan, 1998; Cornwell, Pruitt and Von Ness, 2001).A plethora of words have been advanced to capture event-sponsor associations, such as compatibility, congruency, synergy, relatedness, and - more prosaically - 'fit' (c.f., Meenaghan, 1983; Parker, 1991; Johar and Pham, 1999; Cornwell, Weeks and Roy, 2005). It is this perceived fit between entities that embellishes one's knowledge about one (or both) of the entities, thereby influencing judgments about that entity. Johan and Pham (1999) define fit in sponsorship as any associative judgment between the event and the sponsor. From this perspective, consumer judgments may be founded on anything from tangibles associated with the event (e.g., a producer of tennis racquets may sponsor a tennis tournament); to intangibles such as the image of the event (e.g., associating prestige cars with golf); or perceived benefits offered through using the product (e.g. when watching the event, the television manufactured by the sponsoring firm provides greater clarity).

Most researchers contributing to this body of work identify two dimensions of fit: image and functionality (Gwinner and Eaton, 1999; Rifon, Choi, Trimble and Li, 2004). Rifon, Choi Trimble and Li's (2004) paper defined "image based similarity" as the association between the core values of the sponsor and the sponsored event. For instance, a cola company sponsoring a music event may focus on the fun and excitement of the event with the hope of transferring those associations to the product. These authors go on to define "functional based similarity" as when participants use the sponsor's product during the event. For example, a tire company's sponsorship of automobile racing has functional-based fit as the product is used by competing teams. Thus, both image and functionality can be viewed as dimensions of fit. However, additional analysis of the literature suggests functionality can be further separated into usage and attributes. In this context attributes refer to characteristics of the sponsoring brand that serve the goals associated with the participants' performance during the event. For instance, given a tennis event, manufacturers of tennis equipment are more likely to have higher associations with the event than real estate agents. The attributes associated with tennis equipment are perceived to help competitors participating in the event.

But fit need not be applied to just the dominant attributes and the competitors. There is also the benefit offered to other stakeholders in the event, namely consumers and event managers (Dean, 1999). For example, Seiko has been the official time keeper of the Olympics for years, and Motorola, as part of their sponsorship of the 1996 Olympics, gave the organisation 10,000 two-way radios, 6,000 pagers, 1,500 computer modems, and 1,200 cellular phones (Keller, 2003). A sponsor may then promote the benefit offered through usage of their product. Dean (1999) found favorable associations for a sponsoring television brand advertising their product as a better means of viewing the event. From this perspective, the perceived benefit obtained through usage of the sponsoring producer's brand provides the associations as opposed to just the dominant attributes. To summarize, a perusal of the literature, encapsulated in Table 1, suggests that fit in sponsorship contains three dimensions: attributes, benefit/usage and image.

Table 1: How fit has been defined within sponsorship literature (articles in chronological order)

McDaniel (1999).

Definition: <u>Match-up</u> Using advertising based schema fit the author states, "One of the implicit principles in the match-up hypothesis is that consumers have memory based expectations of the attributes embodied by celebrities, brands, and product categories". (p 168).

Dimension: <u>Image and Functional</u> "Advertising response is influenced by a perceived match (or similarity) between an endorsers image attributes, and/or the function of a product (as moderated by product category involvement)" (p 167).

Gwinner and Eaton (1999).

Definition: <u>Congruence/similarity</u> "It can be argued that congruent event-brand information in the form of either functional or image based similarity will lead to enhanced image transfer." (p 49).

Dimension: <u>Functional or image</u>. "Functional based similarity can occur when the sponsored brand is actually used by participants during the event. (p. 49). "Image based similarity has been described as occurring when the image of the event is related to the image of the brand" (p 49).

Dean (1999).

Defintion: *Linkage* Using Heider's (1958) Balance Theory a "belief is out of balance and unstable if a lowly valued object is linked with a highly valued object." (p 4).

Dimension: Benefit/usage Quality "is defined as an overall judgment of a brands excellence or superiority of performance (with respect to its intended purpose) relative to alternative brands" (p 2).

<u>Image</u>: Esteem is "the degree to which the brand is held in high regard, is trusted by, and is respected by its valued customers" (p 2).

Speed and Thompson (2000).

Definition: <u>Congruence</u> "The response to a sports sponsorship is proposed to be affected by (1) attitudes towards the event, (2) attitudes towards the sponsor, and (3) perception of congruence between sponsor and event." (pp 227-228).

Dimension: <u>Image</u> "(1) There is a logical connection between the event and the sponsor, (2) the image of the event and the image of the sponsor are similar, (3) the sponsor and the event fit well together, (4) the sponsor and the event stand for similar things and , (5) it makes sense to me that this company sponsors this event" (p 231).

Keller (2003).

Definition: <u>Associations</u> "Events have their own set of associations that may become linked to a sponsoring brand under certain conditions." (p 381).

Dimension: <u>Image and Benefit/usage</u> "Events can be chosen on attendee's attitudes and usage regarding certain products or brands" (p 317).

Ruth and Simonin (2003).

Definition: <u>Congruency</u> "Sponsorship research has investigated congruence effects in the past, where the focus is on understanding the 'fit' between the sponsor and the event itself." (p 22), Dimension: <u>Functional and/or Image</u> "The transfer of image from the event to the brand was higher when the event and the sponsor were congruent in either functionality or image" (p 22).

Grohs, Wagner and Vsetecka. (2004).

Definition: <u>Link/synergy/similarity</u> "Scientific literature has used numerous words to describe the fit between a sponsor and a sponsored activity, such as synergy, similarity, or link." (p 122).

Dimension: <u>Image and Functionality</u> "Generally, most authors distinguish between a functional fit and an image fit" (p 122).

Rifon, Choi, Trimble and Li (2004).

Definition: <u>Congruence</u> "The study presented in this paper develops and tests a theoretical explanation for the effects of congruence on consumer attitude towards the sponsor of a cause." (p 29).

Dimension: <u>Functional and Image</u> "...direct relevance as 'functional based similarity' which occurs when the sponsor's product is used during the sponsorship event, and indirect relevance as 'image based similarity'..." (p 30).

## 3. Event-Sponsor Associations (E-S)

Events can be thought of as schemas in the mind of the consumer (Cornwell, Weeks and Roy, 2005). Schemas encapsulate a consumer's knowledge about the event (Anderson and Bower, 1973; Meyer and Schvaneveldt, 1976) and help evaluate information and form attitudes (Fishbein, 1967; Fiske and Taylor, 1991). By acting as a prime the sponsored event activates mental representations upon which other information is interpreted (Chafin, 1981). Event-sponsor fit is thus constructed from the perceived associations between the primed event and the sponsor (Johar and Pham, 1999). Consumers' brand judgments are directly related to the fit between the sponsor and the event (Levin and Levin 2000). This fit can help or hinder brand equity. For example, a high quality event sponsored by a low quality brand could create dissonance and damage equity for both. This may not be so if the event were instead associated with a high quality brand. But firstly, what are the dimensions that

define fit? Theoretical and empirical justification can be advanced in support of attributes, image, and benefits/usage (Pentecost, 2007).

## 4. Multi-Sponsored Events

Producing events is expensive and, as such, often dependent upon multiple sponsors. Take for instance the Indy 300 motor race on the Gold Coast, Australia. This major event has Nikon, Bartercard, Falken tires, VB, Gillette, Coca-Cola, and Carsquide as sponsors, to name just a few. It would make sense that an organisation wishing to sponsor this event should consider other sponsors. From a schema perspective the addition of an acknowledged sponsor (AS) to the event changes the mental representations upon which other information is interpreted. No longer are there just associations with the event to consider, there are now associations between the AS and a likely sponsor (LS) that may affect information processing. As such, consumer judgments, with respect to the LS, now include information on both the event and the AS, as shown in Figure 1. We are unaware of any studies within the sponsorship domain that address this issue. For a sponsor there is the possibility that fit with another sponsor may have a greater influence on brand outcomes than fit to the event. A further possibility is that the other sponsor may have no effect on brand judgments at all. However, current branding literature would suggest that fit between sponsors would influence brand judgments (e.g., attitudes toward the brand and purchase intentions). When brand entities have some perceived association to each other transference of information is positively influenced, and improves promotional leverage (Aaker and Keller, 1990; Keller, 2003). For example, the Intel and IBM relationship is founded on the perceived synergy of both being able to produce better computing power.

Event provides prime
Acknowledged sponsor

Fit:

Recall Attitudes Purchase Intentions

Likely sponsor

Figure 1: Does adding a second sponsor affect information processing?

## 5. Hypotheses Development

## 5.1 Attitudes toward the Sponsor's Brand

It is generally acknowledged that attitudes intervene between the observed stimulus and the subsequent response. Stemming from the beliefs held by an individual, attitudes play an important part in the evaluation of objects (Fiske and Taylor, 1991). With a sponsored event acting as a prime attitudes towards a sponsor are then shaped by the perceived fit between the event and the sponsor. Johar and Pham (1999) found fit between an event and a sponsor to influence consumer information processing as well as subsequent judgments, corroborating such a theory within sponsorship. It is reasonable to assume that this influence on attitudes also applies to the perceived fit between sponsors. Positive fit between brands in different product categories has been found to positively increase brand attitudes (Aaker and Keller. 1990). Branding literature suggests associations between different brands in different product categories (e.g., IBM PCs and Intel Microprocessors) accesses related attitudes and beliefs about the brands stored in memory. These pre-existing attitudes towards the brands are then modified by the perceived fit between the brands (Simonin and Ruth, 1998). From a sponsorship perspective, brand sponsors possessing positive associations with each other are likely to have a positive impact on brand attitudes. As such, fit between sponsors has the potential to change attitudes.

**Hypothesis 1a**: Brand attitudes will be positively influenced the greater the perceived fit between brand sponsors.

#### **5.2 Purchase Intentions**

The attitude-intentions relationship plays an important part in human behaviour. Intentions based upon attitudes have been found to be better predictors of everyday behaviors than intentions based upon subjective norms (Sheeran, Norman and Orbell, 1999). This would suggest if event-sponsor and sponsor-sponsor fit shapes attitudes so may it shape purchase intentions: if fit were found to influence brand attitudes, intentions may also be affected accordingly. From a sponsor's perspective:

**Hypothesis 1b**: Purchase intentions will be positively influenced the greater the perceived fit between brand sponsors.

## 6. Assessing Fit between Brand Sponsors

Fit consists of three dimensions: attributes, image, and benefit/usage (Pentecost, 2007). However, not all of them need apply between brand sponsors. One may assume the greater the attribute similarity between products, the greater the chance of being in the same product category. However, one of the major advantages of sponsorship strategy is exclusivity of product category within the event (Fahy, Farrell, and Quester, 2004). For instance, if Coke were a sponsor other soft drink producers would not be allowed to sponsor the same event. Given this exclusivity, attribute similarity is therefore less likely to have a significant influence on associations between sponsors. This lack of attribute associations must then reduce the importance of this dimension of fit. Hypotheses were developed to test this theory.

**Hypothesis 2a**: Positive perceived benefit/usage will have a positive effect on perceived fit between brand sponsors.

**Hypothesis 2b**: Positive perceived image similarity will have a positive effect on perceived fit between brand sponsors.

**Hypothesis 2c**: Attributes will have no significant effect on perceived fit between brand sponsors.

#### 7. Moderator Variables

However, sponsorship is not as simple as suggested by H1a - H2c; other factors affect information processing. These factors confound the relationships and must therefore be accounted for. Known factors include gender effects and consumer knowledge. Males have been found to be sensitive to only self relevant information (Meyers-Levy, 1988; Meyers-Levy and Maheswaran, 1991). This then affects promotional activity (Meyers-Levy, and Sternthal, 1991). In support of this McDaniel (1999) found female subjects have more favorable responses towards sponsorship advertising than males. Consumer knowledge of the brand name and use of the product prior to sponsorship affects corporate image (Pope and Vogues, 1999). The implication being, the greater the knowledge one has about a brand, the stronger the perceptual links in consumers' memory and the greater the information transference. This knowledge affects brand recognition, brand recall, and consideration set formation (Samu, Krishnan and Smith, 1999). However, two forms of consumer knowledge have been identified in the academic literature: familiarity and instantiation (Barsalou, 1983, 1985; Alba and Hutchinson, 1987). Seminal studies on consumer knowledge purport differences in information processing and brand evaluation resulting from brand familiarity (Alba and Hutchinson, 1987). Bettman and Sujan (1987) found that liking for a brand is prone to be well established and stable for familiar brands; conversely, attitudes for less familiar brands and weaker in regards to both strength and accessibility (Fazio, 1986, 1989). This familiarity applies to fit between brands. Consistent with information integration and accessibility theories, Simonin and Ruth (1998) found brand attitudes to be sensitive to the levels of brand familiarity for brands forming an association. Therefore, sponsor-sponsor fit can be biased towards familiar brands.

While familiarity is general knowledge about an item, instantiation is knowledge of the frequency with which an item appears as a member of a particular category (Barsalou, 1985). These two forms of consumer knowledge are conceptually different. One may be familiar with a brand but not know the events it sponsors and one way be aware of an event but not know its actual sponsors. For instance, one may be familiar with Network Video, but not be aware that it sponsored the Indy 300 event on the Gold Coast. Conversely, one may know of the same event and choose a sponsor based upon the fact that it sponsored the event the previous year even though it had ceased to be a current sponsor. Accordingly, knowledge about events may thus contain a great deal of information including perceived sponsors. Brands therefore enter into consideration through consumer knowledge on the event rather than through the sponsors. Johar and Pham (1999) found familiar brands to be not only more accessible in memory, they were also perceived as more plausible sponsors of large events. Take for instance Coca-Cola; though it may not be a sponsor, perception of it as a sponsor may be largely due to the events it has been

associated with previously. Thus, like familiarity, instantiation is likely to moderate fit within sponsorship.

Given all the above factors that influence information processing in sponsorship, the general model tested herein can be expressed as:

$$B_0 = f'(e[A, B, I] + s[A, B, I] + [G + Fam + Inst])$$

#### Where:

• B<sub>o</sub> = Brand outcomes (attitudes and intentions to purchase)

• e(A, B, I) = Event-LS Fit (attributes, benefit/usage, image)

• s(A, B, I) = AS-LS Fit (attributes, benefit/usage, image)

G = Gender
 Fam = Familiarity
 Inst = Instantiation

## 8. Research Methodology

#### 8.1 Data Collection Overview

Scenarios were delivered in the form of a media release. Media releases provide an effective means to impart ecological validity while providing flexibility within an experimental setting (Cornwell, Humphreys, Maguire and Tellegen, 2004). For each media release the event was mentioned four times with both sponsors mentioned three times along with a picture of each sponsor's logo. Under the guise of assessing the quality of news articles, so as not to pre-empt the true nature of the research, the experiment was administered over distinct stages. After a small grammatical critique task students were asked to read three different media releases, the second of which was the manipulated sports media release. Following another unrelated filler task to reduce recency effects, attitudes toward the sponsor's brand and purchase intentions were measured using self administered questionnaires. The scenarios and questionnaires were randomly assigned to 202 undergraduate marketing students of which 171 provided useable responses. A sample scenario appears in Appendix A.

## 8.2 Selecting Brands

Prior to the main experiment pre-tests were undertaken to determine the appropriate brands for later study. To attain a strategic advantage event sponsors require product category exclusivity (Fahy, Farrell and Quester, 2004), thus brands used in the study had to be operating in different product marketplaces. To accommodate this, six brands were identified by students in a pre-test identifying popular brands within three sporting events (tennis, swimming and golf). These brands were:

- *Nike*: one of the most recognized global brands in the sports wear marketplace.
- Coca-Cola: the most popular global brand in the soft drink industry.
- Mercedes Benz: a well-known global car manufacturer.
- Gatorade: recognized globally as an energy replenishment sports drink.

- Speedo: a global brand manufacturing sports specific functional sports attire.
- Ralph Lauren: a global brand operating in the more exclusive casual wear industry.

It was necessary to consider the effect of co-sponsoring with brands not found in the consideration set (at least from the students' perspectives). Thus, based on researchers' judgment an extra four brands from the list of the top 100 global brands were included in the study (for the list of 100 brands, see *BusinessWeek*, August 2, 2004). Selection of these brands was based upon exclusivity of product category to separate them from the previously identified brands. The brands chosen were:

- Kellogg's: one of the world's most recognized cereal brands.
- McDonalds: a market founder and well known in the fast food industry.
- Visa Card: A major brand operating in the finance industry.
- Nescafe: one of the world's most recognized coffee brands.

Ten brands were therefore considered for further pretesting. Brands selected for the main study had to meet two primary criteria: high difference on event-sponsor fit, and high difference on sponsor-sponsor fit. Using 10 point scales anchored with 1 (very low fit) and 10 (very high fit) table 2 shows that of the sponsors identified above, Nike (M = 8.86), Mercedes (M = 7.52) and Ralph Lauren (M = 6.82) have high perceived fit with the events; McDonalds has low event-sponsor fit (M = 3.03).

Table 2: Perceptions of how a sponsor fits with an event

(1 - 10 scale)**Event fit** Std. Deviation Ν Mean Nike 29 8.86 1.457 Visa card 29 8.31 2.523 Mercedes 29 7.52 2.558 Ralph Lauren 28 6.82 2.405 Gatorade 29 6.59 2.571 Speedo 29 6.07 3.845 Kellogg's 28 2.611 5.32 Coca Cola 29 4.62 2.441 Nescafe 29 4.55 2.080 McDonalds 29 3.03 2.556

With respect to perceived fit between brands, Table 3 shows seven brand pairings to have high fit (M > 6) and eighteen brand pairings to have poor fit (M < 4). The Coca-Cola/McDonald (M = 8.14), Ralph Lauren/Visa Card (M = 7.75) and Mercedes/Visa Card (M = 8.07) pairings displayed the highest levels of fit, while the Ralph Lauren/McDonalds (M = 2.14) and Kellogg's/Ralph Lauren (M = 2.43) pairings showed the lowest fit.

Table 3: Perceptions of how sponsors fit with each other

Degree of Fit	Brand Pairing	N	Mean	Std. Deviation
High	Coca Cola / McDonalds	29	8.14	2.709
(> 6.00)	Ralph Lauren / Visa card	28	8.11	1.618
	Mercedes / Visa card	29	8.07	1.624
	Nike / Gatorade	29	7.76	2.760
	Mercedes / Ralph Lauren	28	7.75	2.084
	Gatorade / Speedo	29	6.86	3.091
	Nike / Speedo	28	6.36	2.752
Low	Kellogg's / Visa card	28	3.86	2.240
(< 4.00)	Ralph Lauren / Speedo	27	3.85	2.032
	Coca Cola / Ralph Lauren	28	3.61	1.812
	Nescafe / Speedo	29	3.59	1.862
	Coca Cola / Nescafe	29	3.52	1.975
	Nike / Ralph Lauren	28	3.46	2.186
	Nike / Nescafe	29	3.41	1.296
	Mercedes / Speedo	29	3.41	2.079
	McDonalds / Speedo	29	3.17	1.965
	Gatorade / Ralph Lauren	28	3.14	1.880
	Mercedes / Coca Cola	29	3.14	1.941
	Gatorade / Nescafe	29	3.03	2.079
	Nike / McDonalds	29	2.86	2.013
	Mercedes / Gatorade	29	2.69	1.491
	Mercedes / McDonalds	29	2.59	1.743
	Mercedes / Kellogg's	29	2.45	1.764
	Kellogg's / Ralph Lauren	28	2.43	1.289
	Ralph Lauren / McDonalds	28	2.14	1.484

In summary, results indicate Coca-Cola, McDonalds, Mercedes and Ralph Lauren to possess the criteria for inclusion in the main study. Firstly, all are in the top 100 global brands (increasing global generalisability). Secondly, Mercedes and McDonalds were found to have high and low event fit respectively. Ralph Lauren was found to possess high fit with Mercedes and low fit with McDonalds. Conversely Coca-Cola possessed high fit with McDonalds but low fit with Mercedes. Table 4 shows these relationships. These four brands were used for the main studies. (For an expanded discussion of the experiment, the stimuli and the necessary pre-tests to select appropriate events and sponsors, please contact the lead author.)

Table 4: Fit between the selected brands

		Sponsor-Sponsor fit				
Ever	nt-Sponsor fit	High	Low			
High	Mercedes:	Ralph Lauren:	Coca-Cola:			
	(M = 7.52)	(M = 7.75)	(M = 3.14)			
Low	McDonalds:	Coca-Cola:	Ralph Lauren:			
	(M = 3.03)	(M = 8.14)	(M = 2.14)			

## 9. Testing the Hypotheses

Before hypothesis testing was undertaken statistical analysis of the theoretical dimensions of fit was conducted using a holistic measure of fit as the dependent variable. The results of this analysis demonstrated that fit can be broken into the sub-dimensions attributes, benefits/usage and image, although there was a high degree of collinearity between these dimensions (for the sake of succinctness all the details are not included here – for more information contact the lead author). Tests for Event-Sponsor fit using nested regressions show all the models to be significant, though the reduced model excluding benefit/usage ( $M_{Rb}$ ) was shown to be the best nested model (see Table 5). This model was found to have the least sum of squared error (SSE = 538.27) and high explained variance ( $R^2$  = .80). Low collinearity was found between parameters with significant relationships for attribute (t = 13.24; p < .01), familiarity (t = 3.29; p < .01) and instantiation (t = 5.38; p < .01). However, contrary to expectations the image dimension was not significant (p > .05).

Table 5: Event-Sponsor nested regressions

		Co-eff	Co-efficient statistics			Model Statistics				
Model	Variable	В	t stat	Sig	SSE	$R^2$	F Stat	Sig.		
Complete	Attributes	.811	8.71	.000**	511.507	.81	278.20	.000**		
$(M_C)$	Benefit/usage	.302	4.10	.000**						
	Image	079	-1.33	.184						
	Familiarity	.077	2.91	.004**						
	Instantiation	.173	4.85	.000**						
Less	Benefit/usage	.672	10.07	.000**	632.127	.76	266.86	.000**		
Attributes	Image	.058	.90	.367						
$(M_{Ra})$	Familiarity	.088	3.01	.003**						
	Instantiation	.186	4.69	.000**						
Less	Attributes	1.03	13.24	.000**	538.271	.80	327.48	.000**		
Benefit/	Image	.042	.80	.423						
usage	Familiarity	.089	3.29	.001**						
(M <sub>Rb</sub> )	Instantiation	.194	5.38	.000**						
Less	Attributes	.856	9.61	.000**	541.691	.80	336.98	.000**		
Image	Benefit/usage	.206	3.25	.001**						
$(M_{Ri})$	Familiarity	.078	2.90	.004**						
44 0: :0 1	Instantiation	.156	4.37	.000**						

<sup>\*\*</sup> Significant at < .01

Tests for Sponsor-Sponsor fit shows the complete model ( $M_C$ ) to be significant (F = 76.23; p < .01) (refer Table 6). Hypothesis 2c was supported with attributes found to have no significance in this model although they were found to have a significant

relationship in the image reduced model ( $M_{Ri}$ : t = 2.76; p < .01). However, the small increase in the sum of squared residuals with the removal of the attribute dimension would support the lack of significance ( $M_{Ra}$  SSE = 412.30). In a change from Event-Sponsor fit, benefit/usage was shown to have a significant relationship with all relevant models. High coefficient statistics were found in the complete model ( $M_C$ :  $\beta$  = .65; t = 8.83; p < .01), the attribute reduced model (M<sub>Ra</sub>:  $\beta = .64$ ; t = 8.66; p < .01) and the image reduced model ( $M_{Ri}$ :  $\beta$  = .81; t = 16.27; p < .01). The high increase in SSE in the benefit/usage reduced model also support this finding (M<sub>Rb</sub> SSE = 596.70). Benefit/usage explained 14% of the variance in Sponsor-Sponsor fit ( $R^2_{MC}$  –  $R^2_{MRb}$  = .143), substantially higher than image which accounted for only 1.6% of the variance  $(R^2_{MC} - R^2_{MRa} = .016)$  and attributes at 0.6%  $(R^2_{MC} - R^2_{MRa} = .006)$ . These figures appear in Table 7. Given these findings hypothesis 2a and 2c are supported with hypothesis 2b partially supported. Consumer knowledge was shown to be significant in only one nested regression: instantiation was found to be significant when benefit/usage was removed from the model ( $M_{Rb}$ :  $\beta$  = .21; t = 3.54; p < .01). Familiarity was found to have no significant influence on AS-LS fit.

Table 6: Sponsor-Sponsor (AS-LS) nested regressions

-		Co-ef	<u>Co-efficient statistics</u> <u>Model Statistics</u>					
Model	Variable	β	t stat.	Sig	SSE	$R^2$	F Stat	Sig.
Complete	Attributes	.087	1.68	.094	405.33	.698	76.23	.000**
$(M_C)$	Benefit/usage	.649	8.83	.000**				
	Image	.226	2.90	.004**				
	Familiarity	.066	1.10	.269				
	Instantiation	.052	1.01	.313				
Less	Benefit/usage	.637	8.66	.000**	412.30	.692	93.54	.000**
Attributes	Image	.270	3.66	.000**				
$(M_{Ra})$	Familiarity	.060	0.99	.323				
	Instantiation	.056	1.07	.284				
Less	Attributes	.045	0.72	.471	596.70	.555	51.81	.000**
Benefit/	Image	.740	11.90	.000**				
usage	Familiarity	.125	1.73	.085				
$(M_{Rb})$	Instantiation	.208	3.54	.000**				
Less	Attributes	.136	2.76	.006**	426.05	.682	89.19	.000**
Image	Benefit/usage	.809	16.27	.000**				
$(M_{Ri})$	Familiarity	.070	1.15	.251				
	Instantiation	.008	0.16	.871				

<sup>\*\*</sup> Significant at < .01

Table 7: How each sponsor-sponsor fit dimension affects explained variance

	R <sup>2</sup>	Difference (R <sup>2</sup> <sub>MC</sub> - R <sup>2</sup> <sub>MR</sub> )
Less Attributes (M <sub>Ra</sub> )	.692	.006
Less Benefit/usage (M <sub>Rb</sub> )	.555	.143
Less Image (M <sub>Ri</sub> )	.682	.016

 $R^{2}_{MC} = .698$ 

The conclusion from these analyses was that in the Event-Sponsor relationship, the dimension 'attributes' had the strongest effect whereas in the Sponsor-Sponsor relationship it was the dimension 'benefit/usage'. For reasons of simplicity with no loss of meaning, a parsimonious model was used to test consumer judgments (Mendenhall and Sincich, 1996; Hair, Anderson, Tatham and Black, 1998):

$$B_o = f[e(A) + s(B) + (Fam + Inst)]$$

Where:

B<sub>o</sub> = Brand outcomes (attitude toward the brand, purchase intentions).

e(A) = Event-LS Attributess(B) = AS-LS Benefit/usage

Fam = FamiliarityInst = Instantiation

## 9.1 Attitudes toward the Sponsor's Brand

Results from the nested regression analyses shown in table 8 support hypothesis 1a. Benefit/usage fit between sponsors was shown to have a significant positive effect on attitudes in all models, while Event-Sponsor attribute fit was only shown to be significant in the complete model (Mc: t = 2.02; p = .045). Significance was found for all the reduced models except for one: attribute fit was found to be non-significant with the removal of familiarity from the equation ( $M_{Rfam}$ :  $\beta = 0.103$ ; t = 1.62; p > .05). The substantial reduction in variance explained with the removal of familiarity would indicate the importance of this construct in predicting attitudes ( $M_{Rfam}$ :  $R^2 = .091$ ). While all regression models were significant, results reveal instantiation to be non-significant (p > .05).

Table 8: Nested regressions that assess attitudes toward a likely sponsor's brand

		Co-eff	icient st	atistics	Model Statistics			
Model	Variable	β	t stat	Sig	SSE	$R^2$	F Stat	Sig.
Complete	Attribute	.119	2.02	.045*	618.54	.220	11.72	.000**
$(M_C)$	Benefit/usage	.132	2.19	.030*				
	Familiarity	.387	5.24	.000**				
	Instantiation	035	57	.563				
Less	Benefit/usage	.160	2.70	.008**	633.71	.201	14.01	.000**
Attribute	Familiarity	.379	5.10	.000**				
(M <sub>Rea</sub> )	Instantiation	043	69	.487				
Less	Attributes	.149	2.55	.011*	636.51	.198	13.70	.000**
Benefit/	Familiarity	.416	5.68	.000**				
usage (M <sub>Rsb</sub> )	Instantiation	007	11	.909				
Less	Attributes	.103	1.62	.106	721.22	.091	5.55	.001**
Familiarity	Benefit/usage	.190	2.98	.003**				
(M <sub>Rfam</sub> )	Instantiation	.044	.68	.496				
Less	Attributes	.121	2.06	.041*	619.79	.219	15.57	.000**
Instantiation	Benefit/usage	.125	2.12	.035*				
$(M_{Rinst})$	Familiarity	.376	5.27	.000**				

<sup>\*</sup> Significant at < .05

Table 9 shows the predictive strength of each dimension/construct. Results indicate familiarity to have the greatest predictive ability (variance explained in the model = 58.6%) with both attributes and benefit/usage combined accounting for 18.6% of the variance (8.6% and 10.0%, respectively). Instantiation accounted for only 0.4% of the variance.

Table 9: Relative contribution of factors predicting attitudes

		<u>Difference</u>		% variance explained
	$R^2$	$(R^2_{MC} - R^2_{MR})$	Sig	$R^2_{MC}$ (diff/ $R^2_{MC}$ )
Less Event-LS Attributes dimension (M <sub>Rea</sub> )	.201	.019	Yes	8.6%
Less AS-LS Benefit/usage dimension (M <sub>Rsb</sub> )	.198	.022	Yes	10.0%
Less Familiarity (M <sub>Rfam</sub> )	.091	.129	Yes	58.6%
Less Instantiation (M <sub>Rinst</sub> )	.219	.001	No	0.4%

 $R^2_{MC} = .220$ 

In sum, both Event-Sponsor and Sponsor-Sponsor fit have a significant effect on attitudes, as anticipated. Event-Sponsor attributes and Sponsor-Sponsor benefit/usage were found to explain approximately 19% of the variance in the model with benefit/usage shown to have the larger effect (10%). This supports hypothesis 1a. However, familiarity was found to have the greatest effect on attitudes accounting for almost 59% of the variance. Given the global nature of the brands, this is not surprising. The important conclusion from this analysis is that though possessing

<sup>\*\*</sup> Significant at < .01

lesser predictive power than familiarity, Sponsor-Sponsor fit does have an effect on brand attitudes.

## 9.2 Intentions to Purchase a Likely Sponsor's Brand

Hypothesis 1b was not supported. Table 10 shows that familiarity has the greatest influence on purchase intentions. Familiarity was shown to have a significant influence in all models (p < .05) with instantiation having significant influence on familiarity in the reduced model ( $M_{Rfam}$ :  $\beta$  = 0.215; t = 2.43; p < .05). Both the attribute and the benefit/usage dimensions were found to have no significant influence on intentions for all regressions models tested (p > .05). This supports Bettman and Sujan (1987) given that liking for the familiar brand is prone to be well established and stable.

Table 10: Nested regressions assessing purchase intentions

		Co-ef	ficient st	tatistics	Model Statistics			
Model	Variable	В	t stat	Sig	SSE	$R^2$	F Stat	Sig.
Complete	Attribute	.093	1.07	.284	1303.6	.098	4.49	.002**
$(M_C)$	Benefit/usage	.014	.15	.878				
	Familiarity	.315	2.93	.004**				
	Instantiation	.150	1.68	.095				
Less	Benefit/usage	.035	.40	.683	1312.7	.092	5.60	.001**
Attribute	Familiarity	.309	2.88	.004**				
(M <sub>Rea</sub> )	Instantiation	.144	1.61	.108				
Less	Attributes	.096	1.14	.255	1303.8	.098	6.01	.001**
Benefit/	Familiarity	.318	3.02	.003**				
usage (M <sub>Rsb</sub> )	Instantiation	.153	1.76	.080				
Less	Attributes	.079	.90	.368	1371.7	.051	2.97	.033*
Familiarity	Benefit/usage	.060	.68	.496				
(M <sub>Rfam</sub> )	Instantiation	.215	2.43	.016*				
Less	Attributes	.084	.96	.334	1320.9	.083	4.99	.002**
Instantiation	Benefit/usage	.045	.52	.600				
(M <sub>Rinst</sub> )	Familiarity	.360	3.44	.001**				

<sup>\*</sup> Significant at < .05

## 10. Summary

Results show Sponsor-Sponsor associations affect attitudes, as anticipated. As such, hypothesis 1a is supported. It is interesting to note that Sponsor-Sponsor benefit/usage associations explain more variance than do Event-Sponsor attribute associations (refer table 6). Though only a small difference in predictive power was found, the importance of this result is that such sponsor associations have at least as much predictive power as event associations. There are spill-over effects. Consumer knowledge was shown to play a major part in purchase intentions. Both familiarity and instantiation were found to account for over 50% of the variance in intentions to purchase, while Sponsor-Sponsor and Event-Sponsor fit were insignificant. Hypothesis 1b is not supported.

<sup>\*\*</sup> Significant at < .01

The results of the Sponsor-Sponsor nested regressions offer some support for hypothesis 2. It is interesting to note the high variance explained by the benefit/usage dimension. Thus, within sponsorship, the perceived benefit offered through the usage of both sponsors' products influences consumer evaluations. Hypothesis 2a is supported. However, this was not so for the AS-LS image dimension. Though found to be a significant measure of fit the principle of parsimony would suggest removing the image dimension from the model. Given these findings hypothesis 2b is partially supported. Attributes were found to be non-significant with respect to Sponsor-Sponsor fit, supporting hypothesis 2c. Table 11 shows the results of the hypothesis tests.

**Table 11: Study findings** 

Hypotheses			F		
No.		Hypotheses	Finding		
Hypothesis 1	thesis a Brand attitudes will be positively influenced the greater the perceived fit between brand sponsors.				
	b	Brand intentions will be positively influenced the greater the perceived fit between brand sponsors.	Not supported		
Hypothesis 2	Positive perceived benefit/usage will have a positive effect on perceived fit between brand sponsors.		Supported		
	b	Positive perceived image similarity will have a positive effect on perceived fit between brand sponsors.	Partially supported		
	С	Attributes will have no significant effect on perceived fit between brand sponsors.	Supported		

## 11. Managerial Implications

Event sponsorship provides a promotion vehicle to improve consumers' perceptions of a brand, thereby increasing brand equity. The overriding finding from this research is that consumers are influenced by more than event-sponsor associations; the associations *between* sponsors also influence brand attitudes. The results of this research imply that while product exclusivity and fit between the event and the sponsor are advantageous, an added advantage can be obtained if some degree of fit can be established between sponsors. As such, other sponsors cannot be ignored when deciding whether or not to sponsor an event. Drawing upon these findings, the primary implication of this research is that brand managers need to think about not only their fit with the event, but also the perceived fit with other sponsor's brands. For managers using sponsorship to promote their brand one of the key ingredients to leverage this promotion is to establish associations with the event. The research reported here would seem to indicate that this leverage may be increased more by promoting event attribute associations. While image and benefit/usage may

individually create fit with the event, managers focusing on attributes are more likely to create greater leverage in their campaigns. The establishment of these attribute associations through the use of other sponsorship linked marketing is thus likely to create greater sponsorship value. Additional leverage off the event can occur when the associations between sponsors possess some form of perceived benefit/usage to the customer. This would then imply that sponsors should influence the selection of other potential sponsors. This may be by requesting not only product exclusivity but also what other product categories and sponsors may be contracted to the event. This is surely an important consideration for major naming rights sponsors. By possessing some control over this selection process these major sponsors can then create additional value from their campaigns. However, this may be viewed negatively by the event organisers. Their objective may be to raise as much finance as possible by adding other product categories and exclusivity of that category irrespective of how the sponsor fits with the event and how sponsors fit with each other. While this may seem to be in contradiction with the preceding paragraph this need not be so. Event managers could focus on creating a family of product categories that share not only attributes with the event but also provide a benefit when used together either within the event or external to the event. By using the event itself as the nucleus of the associations and focusing on these dimensions specifically, event managers can offer a potential increase in event leveraging relative to alternative events a firm could sponsor. This then provides a strategic advantage for event managers.

#### 12. Conclusions

Research on fit in sponsorship has established that associations between the event and the sponsor assist in information transference (c.f., Gwinner, 1997; Gwinner and Eaton, 1999; Cornwell, Pruitt and Von Ness, 2001). One of the guestions addressed herein was what dimensions underlie these associations? Prior research on fit in the sponsorship literature has identified two dimensions: image and functionality. This research further examined fit by: 1) separating functionality into two dimensions (attributes and benefit/usage); and, 2) including sponsor-sponsor (AS-LS) fit into the model. Outcomes from the studies support the view that there are three dimensions of fit; they also highlight the importance of understanding the effect that other sponsors have on a sponsor's brand. Using nested regressions to test the significance and predictive power of each dimension, event-sponsor fit was found to be primarily determined by the attribute dimension. While both benefit/usage and image were individually found to predict fit, high collinearity and lack of significance when combined with the attributes dimension suggest attributes to be the principal determinant of event-sponsor fit. Using an acknowledged sponsor (AS) and a likely sponsor (LS) in the experimental design attributes were again found to be the primary determinant of Event-LS fit; however, this was not so for AS-LS fit. Subsequent investigations into AS-LS fit point to a significant advantage for sponsors where fit can be determined by both benefit/usage and/or image, although the principle of parsimony would suggest removing image leaving benefit/usage as the primary determinant of these between sponsor associations. Hence, while each individual dimension of fit was found to exist within sponsorship, they are not replicated for both Event-LS and AS-LS associations: specific dimensions are relative to specific relationships.

A key question in this research was whether sponsor-sponsor associations affected brand judgments. Examination of the effect of Event-LS and AS-LS fit found fit between sponsors to have greater predictive power on attitudes than Event-LS fit. These AS-LS associations and, importantly, their effect on brand attitudes are consistent with the brand alliance literature whereby a brand can be influenced by its associations with other brands (Simonin and Ruth, 1998; Rao, Qu and Ruekert, 1999). However, while Event-LS and AS-LS fit influenced brand attitudes, they did not increase purchase intentions. Literature on priming and context effects has found prior knowledge to play a significant part in consumer evaluations (Chaffin, 1981; Herr, 1989; Peracchio and Tybout, 1996). It is this knowledge that affects evaluations such as brand recognition, brand recall, and consideration set formation (Samu, Krishnan and Smith, 1999). Results from the purchases intentions analysis would support this theory. Neither Event-LS nor AS-LS fit were shown to have any significant effect on intentions, yet both instantiation and familiarity did. This would imply that where brands possess high consumer knowledge, purchase intentions are less likely to be affected by the degree of fit.

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# Appendix A Sample Scenario



## **Sponsors Come in Swinging**

Today, Mercedes Benz, one of the most well-known car manufacturers in the world, announced the beginning of a five-year sponsorship deal with Tennis Australia. The management of Tennis Australia explained that over the course of their contract Mercedes Benz would be given rights to an Australasian Tour schedule incorporating events in Australia, New Zealand, and China. A spokesperson from Mercedes Benz indicated that the finer details had yet to be finalised but management were excited to be part of this sponsorship deal.

A representative from Tennis Australia also indicated that other potential sponsors were yet to be finalised but revealed that well-known soft drink manufacturer Coca-Cola was 99% certain to take up the offer. Though still in the negotiation phase a spokesperson from Coca Cola stated that they would be delighted to be involved in the event. Both Tennis Australia and Coca Cola are hoping that a decision will be reached later in the week.



Coca Cola

