Not All Sponsors Are Created Equal
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EXTENDED ABSTRACT - As the nonprofit sector becomes increasingly competitive, it is critical for nonprofit organizations to become more brand centered and clearly differentiate themselves. Although an abundance of empirical work focuses on developing strategies for creating strong brands and demonstrates the concrete benefits of doing so (Aaker 1991; Keller 2000; Keller 1993), most of this work implicitly addresses the for-profit sector. There is very little empirical work that addresses strategies for nonprofit organizations.

[to cite]:

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EXTENDED ABSTRACT

As the nonprofit sector becomes increasingly competitive, it is critical for nonprofit organizations to become more brand centered and clearly differentiate themselves. Although an abundance of empirical work focuses on developing strategies for creating strong brands and demonstrates the concrete benefits of doing so (Aaker 1991; Keller 2000; Keller 1993), most of this work implicitly addresses the for-profit sector. There is very little empirical work that addresses strategies for nonprofit organizations.

One way for-profit firms have successfully differentiated and leveraged their brands is through branding alliances, such as co-branding, brand extensions and sponsorships. Given that many nonprofit organizations receive a significant portion of their income from strong, branded corporate partners, brand alliances, specifically sponsorships, could prove to be quite powerful for nonprofit organizations. Through two studies we demonstrate that sponsorship can be used to positively influence brand image, brand credibility, perceptions of risk, brand feelings and ultimately behavioral intentions.

There is significant evidence that sponsorship programs provide many benefits to firms, including: 1) enhancing/reinforcing firm brand associations, 2) strengthening competitive positioning, 3) creating favorable affect, and 4) aligning social and economic goals (Gwinner and Eaton 1999; Gwinner 1997; Madrigal 2000; Porter and Kramer 2002; Simmons and Becker-Olsen 2003; Speed and Thompson 2000). We know that certain conditions must be met in order to maximize the positive impact of a sponsorship program for a firm and that there are even times when the effects of a sponsorship program can attenuate firm specific associations and positioning. Four factors that have been identified as moderating forces in the sponsorship relationship are personal interest in the cause (Gwinner and Swanson 2002; Sen and Bhattacharya 2000), firm reputation (Johar and Pham 1999; Speed and Thompson 2000), perceived motive (Speed and Thompson 2000; Webb and Mohr 1999) and fit (Madrigal 2000; Simmons and Becker-Olsen 2003; Speed and Thompson 2000). Our interest in this work is primarily the fit dimension.

We know from the branding, sponsorship and endorsement literature that fit (e.g., between a brand and its extension, or brand and endorser) influences consumer evaluations of products/brands. Specifically, when fit is high consumers experience cognitive consistency and generally respond more favorably than when fit is low (Aaker and Keller 1992; Boush and Loken 1991; Broniarczyk and Alba 1994; McCracken 1998; Speed and Thompson 2000; Simmons and Becker-Olsen 2003). When fit is low consumers experience cognitive inconsistency which negatively influences their responses and an attenuation effect occurs (Meenaghan 2002; Porter and Kramer 2002; Simmons and Becker-Olsen 2003; Speed and Thompson 2000). These lower evaluations are likely to have resulted because consumers value consistency in their thoughts (Meyers-Levy and Tybout 1989), and inconsistency can spark negative attributions and negative affect toward both partners in the sponsorship.

In study 1 we find that high-fit sponsorships positively influence all of our dependent measures (brand image, brand credibility, perceived risk, brand feelings, and support intentions) while low-fit sponsorships decrease favorability of overall attitudes, brand image and brand feelings of sincerity and support intention, but do not have an impact on brand credibility or risk reduction.

In that it is not realistic to think that most nonprofits will refuse funding from or limit their sponsor base to companies that have a strong natural strategic fit with their organization, we believe that it is possible for a nonprofit organization to use their supporting communications to create a fit between the organization and the firm. This fit is created with specific communication details, thus allowing nonprofits to accept and even seek out funds from naturally low-fit sponsors without diluting their brand.

In study 2 we find that creating fit via sponsorship communications we are able to boost the favorability of responses for intrinsically low-fit sponsorship programs. Similar to high fit, created fit increases the favorability of responses for brand image, brand credibility, risk, brand feelings of sincerity and behavioral intentions related to financial contributions. Interestingly we found no change in behavioral intentions related to volunteering or recommending to organization. Thus, if the organization is one that relies heavily on volunteerism, such as Habitat for Humanity, creating fit may not help to attract more volunteers. If however, the organization is engaging in a capital campaign, creating a strong fit between large corporate donors and the organization may encourage individual donors to contribute financially.

We clearly show that nonprofits can use sponsorships to realize greater long-term brand benefits such as a stronger competitive position, increased credibility, more loyal donors and a steady stream of donor income that ultimately allows the organization to better address their social issue.