The Effectiveness of Sponsorship in Legitimacy Formation: the Moderating Role of Pre-Existing Satisfaction

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This study contributes to the extant literature by assessing the effectiveness of sponsorship in the achievement of non-economic objectives, in particular legitimacy formation. It further demonstrates how pre-existing attitudes towards the sponsor, in this case customer satisfaction, moderate the links in the sponsorship model. The third contribution stems from the study context, the largely neglected public sector, which, effectively, sponsors a wide range of regional and local events.

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EXTENDED ABSTRACT

Conceptualization

Sponsorship activities have gained great importance in marketing communications as well as academic attention over the last decade (Dalakas and Levin 2005; Roy and Cornwell 2004). Traditionally, there has been the notion that sponsorship activities are carried out in order to reach commercial targets (Cornwell et al. 2006; Iagre, Watson, and Watson 2001). However, with growing awareness of the importance of establishing good relationships with important stakeholder groups (Ferrell and Ferrell 2008), the scope of sponsorship has broadened. For example, Dean (2002) highlights that management objectives concerning sponsorship may be both, economic (such as increased brand awareness and profits) as well as noneconomic (such as goodwill and improved community relations) in nature. Despite this recognition, the majority of studies in this field of research have focused on the assessment of the economic effectiveness of sponsorship activities (Gwinner 1997).

Our study contributes to the extant literature by investigating how event sponsorship impacts on the formation of organisational legitimacy which is broadly defined as the “acceptance of an organization by its environment” (Kostova and Zaheer 1999, 64). From an institutional theory perspective, gaining legitimacy is important as it enhances the likelihood that organisations are able to extract scarce resources from their environment and is thus critical to organisational survival (Meyer and Rowan 1977; Suddaby and Greenwood 2005). However, to our knowledge the effectiveness of sponsorship in the formation of legitimacy has not been explored yet.

We further contribute to knowledge by examining the moderating role of pre-existing attitudes towards the organisation on the link between sponsorship and legitimacy. Most of the sponsorship studies have focused on the balancing effects between attitudes towards the sponsored entity, congruence between the sponsored entity and the sponsor, attitudes towards the sponsorship and the resulting attitudes towards the sponsor (Dalakas and Levin 2005; Dean 2002). The underlying assumption has usually been that positive attitudes towards the sponsored entity will transfer to the sponsor. Therefore, very few studies have controlled for pre-existing attitudes towards the sponsor and their possible impact on the effectiveness of the sponsorship activity. However, there is some evidence to suggest that pre-existing attitudes play a moderating role in sponsorship effectiveness (Basil and Herr 2006).

Finally, we also contribute to the literature by examining the hypothesised model in a public sector context. While there is a growing body of knowledge concerning the sponsorship of regional or local charitable events of private sector organizations to develop community relations and increase goodwill, little is known about the use of sponsorship as a tool to develop relations with important stakeholders by public sector organizations. However, public sector organizations are under huge political pressure to establish and maintain good relations with important publics such as their electorate (McNulty and Ferlie 2004; Sanger 2008). Moreover, public sector organizations increasingly invest resources into the support of local events such as concerts and sports events (Walliser 2006). For these reasons, we believe that it is important from a public administration perspective to investigate the effectiveness of sponsorship activities in a public sector environment.

Method

Using a pre-tested questionnaire, responses from 300 spectators of the finals of the Handball French League Cup tournament in Nantes, which was sponsored by Nantes City Council, were captured assessing the following constructs: 1) Attitudes towards the event (Simmons and Becker-Olsen 2006), 2) perceived sponsor-event congruence (Simmons and Becker-Olsen 2006), 3) attitudes towards public sponsorship (Walliser et al. 2005), 4) legitimacy (Sabatier 2003), and 5) pre-existing satisfaction with Nantes City Council (Sabatier 2003). The procedure yielded 275 usable questionnaires. Hypotheses were tested using partial least squares path modelling (PLSPM) (Chin 1998; Fornell and Bookstein 1982). The moderating effects were tested by performing a median split on the basis of pre-existing satisfaction. This enabled the comparison of two subsamples.

Major Findings

Our study makes three contributions to the extant literature. First, we assess through which mechanisms events sponsorship impacts on organisational legitimacy (Deephouse and Carter 2005). The estimation of our sponsorship model demonstrates that 1) attitudes towards the sponsored event, 2) positive attitudes towards the sponsorship activity, as well as 3) perceived event-sponsor congruence significantly impact on organisational legitimacy amongst customers. Comparing the three effects, we contribute to the extant literature by showing that attitudes towards the sponsorship activity itself have a stronger impact on organisational legitimacy than attitudes towards the event as well as perceived event-sponsor congruence (Cornwell et al. 2006).

The second main contribution of our study relates to the investigation of the moderating role of pre-existing attitudes towards the sponsor on sponsorship effectiveness (Speed and Thompson 2000). Our results provide insight into an interesting dynamic of the sponsorship model when pre-existing satisfaction with the sponsor is controlled for. First of all, we show that the model has a much stronger explanatory power for the sub-sample with positive pre-existing attitudes than for the sub-sample with negative pre-existing attitudes. Further, we can observe that all but one of the moderated links strengthen with increased pre-existing satisfaction. These findings suggest that customers who hold more positive attitudes towards the sponsor in advance tend to evaluate the sponsorship activities of the organisation more favourably. Therefore, there is some support for the overarching hypothesis of our study that pre-existing attitudes towards the sponsor moderate sponsorship effectiveness with regards to non-economic objectives, here legitimacy formation.

This links into the third area of contribution to the extant literature. In relation to the above discussed results we highlight that, first of all, public management needs to further emphasize the implementation of programs that enhance citizen satisfaction. Such initiatives may include in particular the development of an external service orientation (Parkington and Schneider 1979) through which improved and tailored services can be delivered. If such initiatives are not in place and citizens have negative service experiences and
resulting low levels of satisfaction with the public service provider (van Ryzin et al. 2004), sponsorship activities will have less strong an impact on the achievement of non-economic objectives, such as the formation of legitimacy. Focusing on the sponsorship model in particular, it is important to note that public sector bodies should pay attention to the explicit communication of the reasons for the sponsorship activity. Pursuing this perceived event-sponsor match is important (Simmons and Becker-Olsen 2006) as it impacts directly on legitimacy, as well as indirectly through its impact on positive attitudes towards the sponsorship activity.

REFERENCES


