The Drivers of a Successful Corporate Sponsorship and the Quantified Financial Impact: Applying the Attitudinal Triad of Cognition, Affect, and Conation and Customer Lifetime Value to Corporate Sponsorships

David Nickell
Georgia State University

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The author of this dissertation is:

David Nickell
3270 Jett Ferry Ct.
Atlanta, GA 30350

The director of this dissertation is:

Wesley Johnston
Department of Marketing
Robinson School of Business
Georgia State University
The Drivers of a Successful Corporate Sponsorship and the Quantified Financial Impact: Applying the Attitudinal Triad of Cognition, Affect, and Conation and Customer Lifetime Value to Corporate Sponsorships

BY

David Kenneth Nickell II

A Dissertation Submitted in Partial Fulfillment of the Requirements for the Degree

Of

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ACCEPTANCE

This dissertation was prepared under the direction of the David Nickell’s Dissertation Committee. It has been approved and accepted by all members of that committee, and it has been accepted in partial fulfillment of the requirements for the degree of Doctoral of Philosophy in Business Administration in the Robinson College of Business of Georgia State University.

H. Fenwick Huss, Dean

DISSERTATION COMMITTEE

Wesley J. Johnston (chair)
Edward E. Rigdon
James S. Boles
James E. Owers
T. Bettina Cornwell
ABSTRACT

The Drivers of a Successful Corporate Sponsorship and the Quantified Financial Impact: Applying the Attitudinal Triad of Cognition, Affect, and Conation and Customer Lifetime Value to Corporate Sponsorships

BY

David Kenneth Nickell II

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Committee Chair: Wesley Johnston

Major Academic Unit: Department of Marketing

While the volume of research on corporate event sponsorships as a marketing tool has increased markedly over the past decade, the results have done little to help marketers to justify sponsorship spending. Not only do marketers have little knowledge of a sponsored event’s financial return, they also struggle to demonstrate any impact on consumer behavior at all.

Using multi-wave survey data, we quantified the financial impact of a sponsorship. We predicted the number of new buyers based upon changed brand attitudes, consistent with a hierarchy of effects model. We then established the financial return on the sponsorship spending by estimating the customer lifetime value (CLV) of these new buyers.

We collected the data around a major college football bowl game. Six phases of data collection were used to determine purchasing behavior and brand attitudes of attendees before and after the sponsored event, in comparison to television viewers of the event and the general public. We applied Lavidge and Elrick’s (1961) attitudinal constructs as the independent variables in a logistic regression to predict future purchase. The final data collection was used to validate the model’s prediction.

The findings show that the model accurately predicted the number of new customers after one buying cycle for the sponsor’s products. We also quantified the positive impact of the sponsorship on the CLV of existing customers within the same time frame.

The managerial implications of this study are significant. Sponsorships are highly risky, with fixed outlays up front, and unclear benefits to be realized in the future. We provide a methodology that not only allows sponsors to measure the effectiveness of the sponsorship, but to determine the return on their sponsorship investment. We have taken consumer behavior theory from marketing communications research and combined it with CLV tools, thus allowing marketers to determine the number of new customers that a sponsorship generates, as well as how it influences the buying patterns that drive customer lifetime value.
Literature Review Synthesis, Propositions, and Conceptual Model

David K. Nickell
Georgia State University
Introduction

Sponsorship literature is a relatively new stream of research (Dolphin, 2003), only gaining traction in the last ten to 15 years. The increase in sponsorship research parallels its growth in industry. Worldwide spending on sponsorship was estimated to reach US$37 billion in 2007 (IEG, 2007). This represents a remarkable growth over the previous 25 years as spending on sponsorship was at US$0.5 billion in 1982 – an increase of 7500% (IEG, 2007). Clearly, sponsorship is one of the fastest growing means of marketing communications in the world (IEG, 2005), and almost two-thirds of sponsorship spending is directed toward sports marketing (Madill and O’Reilly, 2009).

Regardless of the event, consumers are likely to be inundated with organizations competing for their consideration (Kover, 2001).

So why has there been such growth in sponsorship spending? Interest in sports, music and the arts has correspondingly increased, and the means to communicate and broadcast these events has advanced exponentially (Erdogan & Kitchen, 1998). It is no coincidence that the rise in sponsorship spending began when restrictions were placed on the advertising of tobacco and alcohol (Meenaghan 1991; Carrigan & Carrigan, 1997). As a result, these tobacco and alcohol firms were forced to shift money away from traditional advertising and toward one of the few places left for product promotion – event sponsorships.

Growth in sponsorships is also a reflection of the decreasing effectiveness of traditional media (Wohlfeil and Whelan, 2006) resulting from the increased fragmentation of media markets, and a corresponding clutter in advertising messages
Wohlfeil and Whelan (2006) make the point that, because of this evolving media market, it is increasingly difficult for companies to differentiate their brands. Consumers have adapted to the old model of top-down communications from advertiser to consumer by avoiding and disengaging from the message (Wohlfeil and Whelan, 2006). As a result, advertisers are adjusting to this new media environment with fresh and innovative means of communicating the brand message through an interactive dialogue with consumers (Wohlfeil and Whelan, 2006). Roy and Cornwell (2003) observe that firms are viewing corporate sponsorships as a means to cut through the advertising clutter and engage consumers in a conversation about the brand. The association of the sponsor with a property allows consumers to see the brand through the context of an event in which they are actively engaged (Roy and Cornwell, 2003).

Consumers are also becoming more involved with the internet and video gaming (Meenaghan 1998), and traditional media is suffering as result. Van den Bulck (2004) found that the number of hours per week of television viewing done by secondary school students is decreasing, while internet use is on the rise. From 1999 to 2003, the number of hours per week watching television declined from 23 to 21. Over the same period, internet usage for this group increased from 19 hours per week to 30 (Van den Bulck, 2004). Nie and Erbring (2000) report that the more hours that people spend on the internet, the resulting television viewing and newspaper use of these same people decreased proportionally. Internet users who are online for only two hours a week reported a 25% decrease in television viewing (Nie and Erbring 2000). Chaney et al. (2004) discovered that people who play video games for several hours a week watch a
corresponding amount less of television. In addition, they found that gaming is becoming more prevalent and that the demographic profile of a gamer is becoming closer to that of the general population (Chaney et al. 2004). Chaney et al. (2004) advises that marketers should take into account the changing media consumption patterns when planning their marketing communications strategy. Digital video recorders (DVRs) have also emerged as a threat to traditional media (Fortunato and Windels 2005). DVRs, in which the company TiVo is the predominate manufacturer in the industry, allow television viewers to record shows onto an accompanying hard drive. DVRs also allow viewers to pause live television and, more importantly to marketers, skip commercials. Nielsen Media Research reports that as of April 2010, over one out of six U.S. households have a DVR. These numbers are higher in metro areas where the penetration rate of DVRs reaches as high as 25% in some markets (Nielsen Media Research, 2010). As Fortunato and Windels (2005) ominously warn, DVRs are a disruptive technology to traditional advertisers. Those marketers who do not adapt to the rapid changes in entertainment technology risk losing the attention of their markets.

Sponsorship Definition. As of yet, there is no one agreed upon definition of sponsorship (Walliser, 2003). Nevertheless, there are two common themes across the many attempts to define the sponsorship phenomenon. One theme is the exchange between sponsor and the sponsored property where both parties earn some benefit. The second is the association between the sponsor and sponsored property (Meenaghan 2001a; Crompton 2004; Cornwell et al 2006). Table 1 shows some of the definitions put forward by scholars.
Table 1

Definitions of Sponsorship

<table>
<thead>
<tr>
<th>Source</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meenaghan, 1983</td>
<td>&quot;… can be regarded as the provision of assistance either financial or in-kind to an activity by a commercial organization for the purpose of achieving commercial objectives&quot;</td>
</tr>
<tr>
<td>Gardner and Shuman, 1987</td>
<td>&quot;Sponsorship is investments in causes or events to support corporate objectives (e.g., enhance company image) or marketing objectives (e.g., increase brand awareness), and are usually not made through traditional media-buying channels&quot;</td>
</tr>
<tr>
<td>Sandler and Shani, 1989</td>
<td>&quot;The provision of resources (e.g., money, people, equipment) by an organization directly to an event or activity in exchange for a direct association to the event or activity. The providing organization can then use this direct association to achieve either their corporate, marketing, or media objectives&quot;</td>
</tr>
<tr>
<td>Meenaghan, 1991</td>
<td>&quot;… sponsorship is an investment, in cash or in kind, in any activity, in return for access to the exploitable commercial potential associated with that activity&quot;</td>
</tr>
<tr>
<td>Cornwell 1995</td>
<td>&quot;… the orchestration and implementation of marketing activities for the purpose of building and communicating an association (link) to a sponsorship&quot;</td>
</tr>
<tr>
<td>International Events Group 1999</td>
<td>&quot;… a cash and/or in-kind fee paid to a property (typically a sports, entertainment, non-profit event or organization) in return for access to the exploitable commercial potential associated with that property&quot;</td>
</tr>
<tr>
<td>Mullin, Hardy, and Sutton, 2000</td>
<td>&quot;… the acquisition of rights to affiliate or directly associate with a product or event for the purpose of deriving benefits related to that affiliation or association&quot;</td>
</tr>
</tbody>
</table>

Researchers have suggested that sponsorship is an effective means for firms to differentiate themselves from their competitors and gain advantages in the marketplace.

1 Cornwell (1995) is defining sponsorship-linked marketing, and not sponsorship, per se. The definition is important however, and therefore is included.
Managers are finding that sponsorships are a more efficient means for communicating with consumers (Meenaghan 1998; Lyberger and McCarthy 2001). Bennett (1999) questioned fans of three London-based soccer teams along with a control group about their recollection of sponsoring brands. Their study found that, while many had not yet purchased the products, the respondents’ intent to buy from the sponsoring firms was significantly higher than for the control group.

Moreover, sponsorships allow firms to meet their marketing objectives i.e., building brand awareness and influencing consumer attitudes. Pope (1998) studied sponsors from five Australian industries, breakfast cereals, beer, automobiles, banks, and insurance companies, to determine the impact of sponsorship awareness on brand attitudes. He found that event sponsors can effectively influence brand attitudes when these firms target the specific values influencing the attitudes (Pope, 1998).

Sponsorships give the sponsor and sponsored property the benefits of image transfer, where the associations that consumers have of either party can transfer to the other because of the sponsorship association (Meenaghan 1991; Gwinner 1997; Meenaghan and Shipley, 1999; McDaniel 1999; Walliser, 2003; Woodside, Summers et al. 2006). For example in one study, Gwinner and Eaton (1999) tested whether the image of a sponsored property will transfer to the sponsoring organization. They found that based on the strength of the perceived similarities between the two parties (their congruence), that image transfer exists and is greater among sponsors and properties viewed by respondents as being the most similar.
Yet, there are more players involved in the sponsorship relationship than just the sponsor and property. Obviously the spectators and participants have a stake in the relationship, otherwise the event may not exist; but there are other parties with a vested interest. O’Sullivan and Murphy (1998) list three types of stakeholders in the sponsorship relationship: primary, indirect, and secondary. The primary stakeholders are directly invested in the sponsorship through some type of contractual, official or formal capacity (O’Sullivan and Murphy, 1998). Those players with an indirect stake in the sponsorship have a vested interest in the event, but no formal relationship. Figure 1 illustrates all the stakeholders in O’Sullivan and Murphy’s (1998) model.

**Figure 1**

*The Three Levels of Sponsorship Stakeholder*
**Sponsorship Expectations.** A frequent topic of sponsorship research is determining the factors that drive sponsorship results (Madrigal, 2001; Meenaghan 2001b). These factors have often been difficult to detect and measure (McCarville, Flood, and Froats, 1998), and sponsors often question the benefits of their investments (Chien, Cornwell, et al, 2005). Speed and Thompson (2000) and Cornwell, Weeks, and Roy (2005) identified factors that they argue drive sponsorship outcomes. Speed and Thompson (2000) developed a framework for sponsorship evaluation with the customer’s exposure to the sponsorship being mediated by event factors (status of the event, personal liking for the event), sponsorship factors (congruency between sponsor and sponsored property), and sponsor factors (attitude toward the sponsor, sincerity and ubiquity of the sponsor) on sponsorship outcomes. Cornwell, Weeks, and Roy (2005) reframed this perspective and argued that market, individual/group, and management factors are mediated by the attendees’ processing mechanisms (i.e., mere exposure, articulation, etc.) on the outcomes. The sponsorship outcomes vary, but there is a forming consensus that positive changes to consumer attitudes are the most desired outcome (Hansen and Scotwin 1995; Speed and Thompson, 2000; Madrigal 2001; Cornwell, Weeks, and Roy, 2005; Koo, Quarterman, and Flynn 2006).

Pyun (2006) proposed a model to explain consumer attitudes toward sports advertising. The author employed Pollay and Mittal’s (1993) comprehensive model of attitudes toward advertising and adopted it specifically to sports advertising. The model, shown in figure 2, consists of three personal utility components and four socioeconomic components.
Figure 2  
*Attitude toward Advertising through Sport*

The original model proposed by Pollay and Mittal (1993) consisted of only three personal utility components (product information, social role and image, and hedonism/pleasure) and four socioeconomic components (good for the economy, materialism, value corruption, and falsity/no sense) (Pyun, 2006). However, Pyun (2006) found that there was little discrimination between value corruption and materialism in factor analysis and decided to combine the two factors. Pyun (2006) also included an additional factor under the personal utility components – annoyance/irritation. There has been research suggesting that an annoyance/irritation component is an adequate predictor of consumer attitudes towards advertising (Pyun, 2006).
The sponsorship literature has evolved in its search to define what drives these changes in consumer attitudes. McDonald (1991) has observed that the media attention gained through sponsorship has been thought to be the key benefit to the sponsor. Yet he posits that evaluating sponsorships by the publicity the event generates misses a key attribute of the promotion – that of the goodwill that consumers attribute to the sponsor (McDonald, 1991). Gwinner (1997) discussed the image transfer from the sponsored property to the sponsor and its positive influence on the sponsoring brand. Specifically, he proposed that effective image transfer is most likely to occur when: a stronger degree of similarity exists between the sponsor and the sponsored property, a higher level of exclusivity exists between the sponsor and sponsored property, and the more frequently the sponsored event occurs (Gwinner, 1997). Carrigan and Carrigan (1997) took a slightly different perspective on the image transfer, addressing the improved customer goodwill toward the sponsor. Nevertheless, Carrigan and Carrigan (1997) warn that a certain aspect of sponsorship can exist and that can lead to a negative impact on consumer attitudes. The sponsor must manage the event to reduce the negative and enhance the positive side of event sponsorship (Carrigan and Carrigan, 1997).

Another line of research regarding sponsorship outcome tends to be more functional. Meenaghan (1983) categorized sponsorship objectives into three groups: broad corporate objectives that deal with building and sustaining the brand’s image, marketing objectives that involve activities concerning brand perception and sales impact, and media objectives that strive for effective media coverage and reaching targeted market segments. Pope (1998) suggested that sales and marketing objectives are the desired results of sponsorship. Other scholars have put forward several drivers for
these functional outcomes, such as segmentation and targeting (Bennett, 1999; Kambitsis et al., 2002), co-branding (Motion, et al., 2003), and offering direct points of product distribution (Mansourpour 2007). Kambitsis et al., (2002) in an Australian study conducted around the Sydney Summer Olympics, suggested that associating brands with to a sports-oriented audience who are already “trained” to respond to sport identities can more easily recognize the sports property being sponsored. A target market that is more fitness-oriented however, identifies with the overall healthy image of a sports property whether it is identifiable or not. Kambitsis et al., (2002) further found that sponsors tended to use (Australian) football to promote food supplements, while companies promoting high-end or luxury items were found to sponsor sporting events like golf and tennis. Motion, et al., (2003) conducted a case study on Adidas and one of the premier teams in the New Zealand Rugby Union – the All Blacks, to analyze the effects of co-branding between the sponsor and the property. The authors of the study established that a co-branding partnership can be used by the sponsoring firm to enhance brand equity, subtly reposition the brand, and redefine the identity of the brand itself.

_Sponsorship as Marketing Communications._ As noted earlier, one of the challenges facing marketers is that of media clutter and market fragmentation (Meenaghan, 1983). Sponsorships offer companies the means to cut through the noise of pervasive advertising by targeting specific segments of buyers and giving sponsors the venue to involve these buyers with the brand (McDaniel, 1999; Meenaghan, 2001a; Fan & Pfitzenmaier, 2002; Roy & Cornwell, 2004, Smith, 2004). That said, there are a great many similarities between sponsorships and advertising (Meenaghan, 2001a). Walliser (2003) identified that the objectives of sponsorship and advertising often overlap but each
look to achieve its goals through different means. Advertising is an easier means of marketing communications to manage, while sponsorships can surmount the limitations of one-way communications (Walliser, 2003). Meenaghan (2001b) points out that consumers tend to view advertisements cynically, while sponsorships are seen as more altruistic, thus the context of advertisement and sponsorship are important when defining objectives. So where some view sponsorships as another form of marketing communication, others see sponsorships as an extension of the discipline (Tripodi, 2001). Nevertheless, managers should view sponsorship as a unique component of marketing communications (Meenaghan, 1991; Javalgi, Traylor, Gross & Lampman, 1994; Tripodi, 2001). Unlike advertising, sponsorships, especially when leveraging and activations are employed, strongly link the message and the medium together (Meenaghan, 1996). This occurs because the sponsored property draws attendees while communicating its values and, as a result, transfers these values to the sponsor (Madrigal, 2001).

At this point, we should define what we mean by leveraging and activations, as there is some confusion in the sponsorship literature and we often find that these terms are used interchangeably. For our purposes, we use Weeks, Cornwell, and Drennan’s (2008) definitions. Thus, sponsorship leverage is “the act of using collateral marketing communications to exploit the commercial potential of the association between a sponsee and sponsor,” and activations, which they define as a subset of sponsorship leverage, are the “communications that promote the engagement, involvement, or participation of the sponsorship audience with the sponsor.” Conversely, these same authors define non-activational messaging as “communications that promote the sponsorship association, but that may be passively processed by the sponsorship audience.” Therefore, sponsorship
leveraging can be broken into two subparts: activational, which is more interactive, and non-activational, where the communications engages attendees passively.

An important distinction to make is the financial relationship between the money invested into leveraging and activations, and the rights to sponsor an event. We stated earlier that worldwide spending on sponsorships exceeded $37 billion by 2007. However, this figure only represents the purchase of the rights to sponsor an event; it does not include the money invested in the pre-event leveraging nor the activations that occur during the event (Cornwell 2008). The rights fees that a sponsor pays only provide a vehicle in which to communicate its brand (Crompton 2004). Several authors have cited a rule-of-thumb statistic that for every $1 spent for the rights to sponsor a property, an additional $3 should be invested into leverage and activation (Kearney 2003; Crompton 2004; Woodside et al. 2006). Yet, Weeks, Cornwell and Drennan (2008) cite a 2007 IEG study that shows sponsors are actually spending an average of $1.90 on leverage for every $1.00 spent on right’s fees. Whether companies are under-investing in sponsorship leveraging or the 3:1 ratio is too high, investing in leverage and activational activities is imperative to realize the firm’s marketing objectives (Kearney 2003, Fahy et al 2004). The significance of sponsorship leveraging and activation has been emphasized repeatedly by scholars in conceptual and empirical studies (e.g., Woodside, Summers, and Morgan, 2006; (Cornwell et al. 2001; Farrelly and Quester 1997; Quester and Farrelly 1998; Quester and Thompson 2001). As Crimmins and Horn (1996) stated:

“If the brand cannot afford to spend to communicate its sponsorship, then the brand cannot afford sponsorship at all.”
There are a variety of means for companies to leverage a sponsorship. As illustrated in Figure 3, a 2007 IEG study shows the wide range of communication tools incorporated by firms in their sponsorship leveraging and the percentage of companies that used the techniques (c.f. Weeks et al. 2008).

**Figure 3**
*Types of Sponsorship Leverage*

These leveraged communication methods lead to greater cognitive recall of the sponsor by consumers. Wakefield, Becker-Olsen et al., (2007) cited four crucial factors that affected sponsor recall: sponsor relatedness, sponsor prominence, consumer exposure to the brand at the event, and consumer exposure to the brand “due to individual involvement or identification with the sport and team.” Their first factor, sponsor
relatedness, is the perceived connection between the sponsor and the sponsored property (Wakefield, Becker-Olsen et al., 2007). Nike and track are seemingly related because Nike makes running shoes. Head & Shoulders sponsoring American football probably are not viewed by most as being related. Their next factor was sponsor prominence where the consumer’s are likely to associate prominent brands with sponsorship.

Wakefield, Becker-Olsen et al., (2007) cite a Pham and Johar (2001) study to illustrate that consumer’s rely on certain assumptions when recalling event sponsors. For example, following the 2008 Beijing Olympic Games, 1,330 Chinese citizens were surveyed via an online questionnaire. Fifty percent of the respondents incorrectly identified Nike as a sponsor (Beijing Olympics Sponsors Hit Gold! 2009), yet Nike was not an official sponsor of the games that year. SINOPEC, aka, China Petroleum & Chemical Corporation, who was an official sponsor of the games, was correctly identifies as a sponsor by only 43% of respondents (Beijing Olympics Sponsors Hit Gold! 2009). Nike’s prominence as a sponsor of multiple events led to the incorrect recall. Wakefield, Becker-Olsen et al., (2007) next factor was consumer exposure. The level of consumer exposure to the brand during the event is a function of Zajonc’s (1968) mere exposure effect. In essence, the more signage for the sponsor’s brand at the event, the more likely one is to remember the brand. The fourth aspect of Wakefield, Becker-Olsen et al., (2007) crucial factors that affect sponsor recall is driven by the strength of the association between the individual and the sponsored property. The intensity and frequency of the individual’s relationship with the property will drive the level of recall of the property’s sponsors.
There have been several studies on the influence of large amounts of marketing communications leading to higher awareness (e.g., Aaker and Biel 1993; Cobb-Walgren, Ruble et al. 1995; Cornwell, Roy et al. 2001). Cornwell, Roy et al. (2001) interviewed fifty managers to ascertain how they perceived the impact of their organizations’ sponsorship for the brand. The authors report that the amount of resources invested in the marketing communications surrounding the event led managers to believe that their brand achieved higher awareness, more pronounced differentiation from competitors, and greater financial returns for the firm (Cornwell, Roy et al. 2001). Accordingly, sponsors expect to see higher levels of awareness for their companies resulting from their leveraging activities. Sneath, Finney, and Close (2005) conducted a study during a five-city, six-day sporting event that was sponsored by an automobile manufacturer. They discovered that when the sponsor allowed attendees to interact with the brand, in this case by interacting with the vehicle and speaking with company representatives, attendees tended to find the sponsor more attractive and to be more likely to buy the sponsor’s products/services. Furthermore, sponsors engaging consumers through activations, perhaps by giving away samples of the product, were found to be much more effective in improving brand image than when sponsors relied solely on non-activational, passive communications, such as signage posted about an event’s venue (Weeks, Cornwell and Drennan 2008).

Theoretical Propositions
There is a dearth of research regarding the investment into events outside of the purchased rights to sponsor. The discipline’s lack of knowledge in the area of event activations has limited our ability to determine the effectiveness and impact of sponsorship-linked marketing (Cornwell 2008). Therefore, we need to conduct additional research to better understand how activations influence consumer attitudes towards the brand (Woodside et al. 2006). Stotlar (2004) discusses different techniques used by organizations to evaluate the impact of corporate sponsorships. He provided some examples of how firms are attempting to evaluate their sponsorships. For instance, Samsung conducted a global recall and recognition research project following its sponsorship of the Salt Lake City 2002 Winter Olympic Games (Stotlar, 2004). At the same Olympic Games, VISA conducted qualitative interviews and concluded that 65% of consumers were aware of their sponsorship (Stotlar, 2004). NASCAR has found through its extensive use of focus group sessions that its fans are more likely to purchase the sponsor’s products (Stotlar, 2004). Coca-Cola, in studying its sales data, saw that after their sponsorship of the 2002 Winter Olympic Games, their sales increased by over 5% in the U.S., Mexico, Germany, and Japan during the same quarter that the games were held (Stotlar, 2004). Yet Stotlar (2004) points out that most companies do not attempt to measure their sponsorship results because of the lack of certainty in what exactly should be measured.

Numerous scholars have concluded that the effect of event sponsorship should result in an improvement of consumer attitudes towards the brand (e.g., Hansen and Scotwin 1995; Speed and Thompson, 2000; Madrigal 2001; Cornwell, Weeks, and Roy, 2005; Koo, Quartermann, and Flynn 2006). Speed and Thompson (2000) found that
attitudes towards the sponsor were driven by the congruity between the sponsor and the property, whether the firm’s sponsorship was seen as sincere, how prominent and numerous the organization’s sponsorship activities are, and consumers’ pre-existing brand attitudes. Madrigal (2001) learned in his study regarding student’s beliefs, attitudes, and intentions toward sponsor’s products associated with their school’s sports teams, that those who had strong identification with the school’s teams were more likely to buy than those who had little to no identification with the teams. Madrigal (2001) concludes that identification with the team influences the students’ likelihood to purchase regardless of their feelings towards the behavior.

Several studies have suggested that when examining attitude, we should consider it a latent variable comprised of an individual’s actions and beliefs (Green, 1954; Fishbein, 1967; Kim, 2003; Pyun 2006). Therefore, we can measure attitude by determining one’s beliefs and or intended behavior because, as Green (1954) points out, intentions and attitudes are the antecedent to behavior. For our purposes, we consider attitude within three dimensions: cognition, affect, and conation (Breckler 1984; Eagly and Chaiken 1993) or, in other words, thinking, feeling, and doing, where cognition represents the rational response of attitude, affect reflects the emotional response, and conation is the behavior response (Vakratsas and Ambler 1999). As illustrated in figure 4, a person forms an attitude towards a stimulus and reacts to it mentally, emotionally, and behaviorally (Rosenberg and Hovland, 1960).

Figure 4

*Attitudinal Triad Model*
Thus, the consumers’ beliefs are captured by cognition and affect, and actions are captured by conation. This perspective on attitude is not unique in the sponsorship literature. Two of the most cited and influential sponsorship publications to date, Cornwell, Weeks, and Roy (2005), and Speed and Thompson (2000), use the thinking, feeling, doing dimensions of attitudes as the dependent variables in their models of sponsored events. Moreover, the same approach has been used to examine the effectiveness of advertising. Beerli and Santana (1999) analyzed numerous methods that researchers have used to evaluate consumer attitudes towards advertisements and concluded that cognition, affect, and behavior were the best means for its evaluation. While advertising is not sponsorship, both are a means to communicate the brand attributes to a market segment for commercial gain (Meenaghan 1991; Witcher et al. 1991; Poon and Prendergast 2007). Therefore, evaluating consumer attitudes towards sponsorship should be similar to how we evaluate attitudes towards advertising.
Lavidge and Steiner (1961) first introduced the cognitive, affect, and behavioral components of attitude into the marketing literature (Barry 1987). These authors argued that consumers formed attitudes towards marketing communications in a hierarchical order, where cognition required the lowest consumer involvement and, as such, was the first step in attitude formation. Affect requires more consumer involvement than cognition and purchase behavior requires the most involvement (Lavidge and Steiner 1961). Lavidge and Steiner (1961) went a step further in proposing that each of these attitudinal constructs can be further refined. Thus, as shown in figure 4, they proposed that brand awareness and knowledge forms cognition – where awareness suggests brand name recognition and knowledge is an understanding of what the brand does; that brand liking and preference shape affect – where liking denotes that the brand is seen positively and preference means the brand is considered the best of alternative options; and that brand conviction and purchase comprise conation – where conviction represents a belief that the brand can meet a need (Lavidge and Steiner 1961). Lavidge and Steiner (1961) also contend that affect mediates the relationship between cognition and conation. Other scholars have also found that this relationship exists (Edell and Burke, 1987; Holbrook and Batra, 1987; Morris, Woo et al., 2002). Droge (1989) contends that the relationship between cognition and conation is fully mediated by affect, that cognition does not directly influence conation.
Poon and Prendergast (2007) suggest that cognition has the lowest level consumer resistance, meaning that the advertisers can influence awareness and knowledge with the least amount of effort and making cognition attitude the easiest to influence. Consumer affect is harder to influence than cognition, as this typically requires an emotional response. Advertising is least effective on inducing behavior. Extending the hierarchy-of-effects framework to analyzing the question of how sponsorship-linked marketing impacts consumer attitudes, we can infer that sponsorships will have the most impact on cognition, followed by affect, and with the least influence on conation.

Nevertheless, the relative impact of each attitudinal type is dependent on the brand’s strength on each of the dimensions of attitude. For example, Coca-Cola likely has close to 100% awareness. As a result, the impact that sponsorship-linked marketing can have on Coke’s cognition level is negligible. While we should expect that cognition
is the most easily influenced attitudinal dimension, we should also expect that a time element is involved as well. (Pitts and Slattery 2004) measured awareness levels of several brands over a period of time. Using the data from their study, we can see that there is an increasing utility to the brand’s level of awareness to a point. Afterwards, the marginal utility decreases. The graph in figure 5 illustrates the phenomenon.

**Figure 5**

*Comparison of pre-study awareness and post-study awareness increase*

From the Pitts and Slattery (2004) findings, a logical extension is that the impact that sponsorship-linked marketing has on cognition levels is an increasing rate of return overtime until the inflection point is reached, then a decreasing rate. The resulting graph would be an S-shaped curve as shown in figure 6.

**Figure 6**
Hypothesized relationship between pre and post-sponsorship cognition levels

If we extend this same logic to the two other dimensions of attitude – affect and conation – then a similar S-shaped pattern should emerge. Yet, if cognition is the most easily influenced attitudinal dimension, followed by affect and conation, we can further extend the logic to conclude that the impact to affect will happen later than cognition, and later still for conation. The time dimension influence on post-attitudinal levels is shown in figure 7.

Figure 7

Hypothesized relationship among attitudinal levels over time
As such, we propose that:

\( P_1: \) Sponsorship-linked leveraging will change consumer attitudes towards the brand.

\( P_2: \) Sponsorship-linked leveraging will increase the marginal utility of consumer attitudes to a point, then have diminishing returns as attitudes reach their optimal point.

\( P_3: \) Sponsorship-linked leveraging will have the greatest initial impact on consumers’ cognition, followed next by affect and will have the latest impact on behavior.

\( P_4: \) Sponsorship-linked activations will change consumer attitudes towards the brand.

\( P_5: \) Sponsorship-linked activations will increase the marginal utility of consumer attitudes to a point, then have diminishing returns as attitudes reach their optimal point.
P6: Sponsorship-linked activations will have the greatest initial impact on consumers’ cognition, followed next by affect and will have the latest impact on behavior.

One of the unique benefits of sponsorship is the opportunity the sponsor has to encourage consumers to interact or experience the brand (McDaniel, 1999; Meenaghan, 2001a; Fan & Pfitzenmaier, 2002; Roy & Cornwell, 2004, Smith, 2004). Yet there are a variety of ways that a firm can use the opportunities of a sponsorship to promote their brand. It would not be atypical for a sponsorship agreement to include the use of the sponsored property’s logos and trademarks, tickets to the event, signage at the event, appearances with featured celebrity/athletes, media spots during the event, and booths at the event. The question for the marketing manager is how best to leverage these opportunities to encourage buyers to purchase the brand.

A firm’s overall sponsorship strategy should include defined objectives where the sponsorship, through its leverage and activations, helps define the firm’s brand image. Amis et al (1999) found that, in a study of 28 Canadian firms involved in national and international marketing, general sponsorship by itself can lead to greater awareness. Yet the authors argue that to obtain optimal results and to achieve meaningful financial results, sponsorships require active management to create a holistic brand experience (Amis et al. 1999). Cliffe and Motion (2005) suggests that a sponsorship and the brand
experience should correspond with one another. Their qualitative study of companies with strong brand identities in New Zealand suggests that sponsorship can serve as the focal point of the firm’s brand strategy. A sustained sponsorship campaign will build brand equity when leveraging and activations are employed (Cliffe and Motion 2005). Thus, by implementing sponsorship-linked marketing, the firm can improve the brand’s image and loyalty through enticing prospective buyers to “experience” the brand (Dolphin 2003; Nicholls, et al. 1999). This makes the sponsorship opportunity unique as event attendees can interact with the brand. Sponsorship activations that do not involve the brand, for example an autograph session with a celebrity representing the sponsored property, in and of itself, has little to do with brand experience and does not enhance brand equity. As Berry (2000) pointed out, it is the consumers’ experience, the actual interaction with the brand that builds equity.

P7: Sponsorship-linked activations that are more brand-centric will be more effective in improving the consumer’s cognition of the sponsor’s brand.

P8: Sponsorship-linked activations that are more brand-centric will be more effective in improving the consumer’s affect towards the sponsor’s brand.

P9: Sponsorship-linked activations that are more brand-centric will be more effective in improving the consumer’s conation towards the sponsor’s brand.

Sponsorship Relationships. The primary players in any sponsorship are the sponsor and the sponsored property. The relationship between the property and the firm
often begins with the property soliciting potential sponsors for investment into the program or event. This occurs because the demand for sponsoring firms is much greater than that for events to be sponsored (Amis, et al. 1999, Carlson and Taylor 2003). One exception is established events, where a third party brings the prospective sponsors and event properties together (O’Reilly et al, 2008).

When approached by properties, managers must decide the type of event to sponsor. Some have suggested that the decision of what or who to sponsor parallels the decision in choosing a celebrity endorser (Gwinner, 1997; McDaniel, 1999; Smith, 2004). McCraken (1989) suggested that the attributes that consumers bestow upon the celebrity would become associated with the brand being endorsed. He argues that there is a “symbolic property” associated with the endorser that transfers first to the brand and then to the consumer. The celebrity who endorses the brand represents a quality that the brand wants associated with it, and that the resulting brand quality is identified with the consumer (McCraken, 1989). Keller (1993) used a similar argument when describing benefits to the sponsor from the sponsored property. Keller (1993) spoke to the idea of consumer reactions to elements of the marketing mix of an established property is more effective than the same marketing mix associated with an unknown or fictitious property (Keller, 1993). The intention in both cases is that the enthusiasm that consumers have for the one (endorser or sponsored) will shift to the other (i.e., the firm’s brands).

Several studies have pointed out the importance of congruity or fit between the two parties (Cornwell et al. 2006; Fleck and Quester 2007; Gwinner and Eaton 1999; Rifon et al. 2004). Event congruency occurs when consumers believe the sponsor and the
event are “well matched” (Jagre, Watson et al. 2001; Rifon, Choi et al. 2004; Chien, Cornwell et al. 2005; Simmons and Becker-Olsen 2006). When the perceived “fit” is good between the sponsor and the event, consumers have greater perception (McDaniel 1999), and recall and affinity (Johar and Pham 1999; Cornwell, Humphreys et al. 2006) with the sponsor. Speed and Thompson (2000) showed a positive relationship between perceived fit and intent to buy. Furthermore, the stronger the perceived congruence between sponsor and event, the stronger the likelihood for purchase becomes (Davies, Veloutsou et al. 2006).

McDonald (1991) wrote about ‘product relevance’ when investigating fit and suggested that incongruity between product and event leads to a negative reaction from consumers. In extending McDonald’s work (1991), Gwinner and Eaton (1999) talked of two types of product relevance: function-based, in which the product is used in the course of the event by the participants, and image-based, in which the brand seems to belong with the event. Nike gear worn by athletes during a sporting event illustrates function-based relevance, since there gear is a functional component of the event (Gwinner 1997). An imaged-based example might be FedEx sponsoring a track meet, as both represent speed to the marketplace. Both parties must be cognizant of the need for congruency between the sponsoring firm and sponsored event. Indeed, the strength of the congruency is a key to the success of the sponsorship (Crimmins and Horn 1996).

There has been research that suggests, however, that highly incongruent pairings between sponsor and property can lead to greater cognition among consumers. Jagre, Watson, and Watson (2001) argued that the greater the incongruity, the more thought
process an individual would give to the relationship making it more memorable. They suggest that congruency is the expectation and thus, will require less effort to absorb the communication – perhaps to the point of little conscious processing (Jagre et al. 2001). Other research has also shown that consumers remembered more messaging that lacked congruency (Srull, 1981; Hastie, 1980). Yet Jagre, Watson, and Watson (2001) also contended that an extremely incongruent relationship would lead to negative reactions. Nevertheless, their argument of negative reactions towards high incongruency does not dissuade from the likelihood of higher consumer cognition. On the other hand, the majority of sponsorship literature supports the proposition that congruency drives cognition (Cohen, 1982; Fiske, 1982; Fiske & Pavelchak, 1986; Misra & Beatty, 1990, (Koo et al. 2006). If one was to take the position that both arguments are logical, then the relationship between congruency and consumer cognition would not be linear. As shown in figure 8, we propose this relationship is U-shaped, where both very low and very high congruency between sponsor and property will lead to greater cognitive attitude.

**Figure 8**

*Hypothesized relationship between sponsorship and brand congruity and brand cognition*
Thus, we propose that:

\[ P_{10} \]: The level of congruity between the sponsor and the sponsored property and cognition of the sponsor is U-shaped where the highest and lowest levels of congruity lead to the strongest consumer cognition of the sponsor’s brand.

\[ P_{11} \]: The stronger the perceived congruity between the sponsor and the sponsored property, the stronger the consumer’s affect towards the sponsor’s brand.

\[ P_{12} \]: The stronger the perceived congruity between the sponsor and the sponsored property, the stronger the consumer’s conation towards the sponsor’s brand.

When companies sponsor the same events and venues, over time their names become intertwined with the events in the public’s mind (Cornwell and Coote 2005). The Tostitos Fiesta Bowl, the Buick Invitational, and Phillips Arena are just a few
examples of this phenomenon. The continuity and tenure of the sponsorship have a
greater impact on the attitudes toward the sponsor (Cornwell, Roy et al. 2001), and these
benefits are likely enhanced with time (Gilbert 1988). Cornwell, Roy et al. (2001)
concluded that a continuing sponsorship relationship is important because ongoing event
sponsorships act similarly to ongoing advertising campaigns in that they both reinforce
the message over time. Moreover, managers can optimize the impact of the sponsorship
as they gain experience from repeated events (Cornwell, Roy et al. 2001). Additionally,
as the sponsor’s relationship with the event lengthens, the cognitive association becomes
more defined (Keller 1993; Johar and Pham 1999), and the emphasis of the firm will shift
from awareness building and to building an emotional connection with consumers
(Armstrong 1988).

P_{13}: The longer the relationship between the sponsor and the sponsored property,
the stronger the consumer’s cognition of the sponsor’s brand.

P_{14}: The longer the relationship between the sponsor and the sponsored property,
the stronger the consumer’s affect towards the sponsor’s brand.

P_{15}: The longer the relationship between the sponsor and the sponsored property,
the stronger the consumer’s conation towards the sponsor’s brand.

A threat to the relationships built between sponsor and sponsored is that of
ambush marketing. Sandier and Shani (1989) define ambush marketing as "a planned
effort (campaign) by an organization to associate themselves indirectly with an event in
order to gain at least some of the recognition and benefits that are associated with official sponsorship". The sponsorship can be ambushed through any activity that implies the ‘ambusher’ has a connection to the event when such a connection does not exist (Payne, 1998). For example, a non-sponsoring firm could ambush a property by sponsoring the event’s media coverage, or increasing the amount of advertising during the event. A case involving American Express and Visa around the 1992 Barcelona Olympic Games illustrates the point. An American Express commercial featured scenes of Barcelona and a statement saying that you don’t need a visa to go to Spain. Visa, who was an official Olympic sponsor that year, objected to the advertisement claiming it was ambushed. American Express countered that there was no reference to the Olympic Games and was not ambushing (Chadwick and Burton, 2010).

It is not illegal to conduct ambush marketing (Euore, 1993) but event managers still try to combat ambushers through stricter use of official licensing, associations, logos, or phrases (Meenaghan, 1998). For example, media firms that broadcast the Olympic Games are now required by the International Olympic Committee to offer first refusal for commercial time to official sponsors. Host cities must guarantee that they will legislate against ambush marketing, will allow no street vending, and will regulate advertising with public transit and outdoor ads for two weeks prior to the games and until the games are concluded (Chadwick and Burton, 2010). Nevertheless, the use of ambush marketing continues to grow, because sponsors place the burden on the event managers to control ambushers. When the event managers fail to control ambush marketing, the sponsor-sponsored property relationship is threatened. Surprisingly, even with the negative connotations associated with it, 63% of companies would seriously consider using
ambush marketing tactics in place of paying the required rights fees to sponsor the event (Moore, 2008).

\[ P_{16} \]: The presence of ambush marketers will decrease the consumer’s cognition of the sponsor’s brand.

\[ P_{17} \]: The presence of ambush marketers will decrease the consumer’s affect towards the sponsor’s brand.

\[ P_{18} \]: The presence of ambush marketers will decrease the consumer’s conation towards the sponsor’s brand.

The propositions introduced leads to a conceptual model of sponsorship’s influence on consumer attitudes. The model is presented in figure 8. Because of the influence that the brand message has on the impact of the sponsorship leveraging, we suggest that brand centric messaging moderates the effect of sponsorship leveraging and activations has on consumer attitudes. Berry (2000) suggests that it is the consumer’s interaction with the brand that improves consumer attitudes. The remaining main effects fall directly from the propositions.

**Figure 8**

*Conceptual Model of Sponsorship Influence on Consumer Attitudes*
Discussion

While sponsorship research has increased significantly over the past ten to 15 years, our understanding of what drives a successful sponsorship is still developing. The propositions advanced in this paper are premised on the idea that improving brand attitudes among targeted consumers will ultimately lead to improved profitability and stronger brand equity. There is building consensus among researchers around this view that improved brand attitudes should be the organization’s goal when sponsoring an event (e.g., Hansen and Scotwin 1995; Speed and Thompson, 2000; Madrigal 2001; Cornwell, Weeks, and Roy, 2005; Koo, Quartermann, and Flynn 2006). As such, the sponsor should engage in activities that drive positive brand attitudes and avoid those activities that do not.
This study has presented an argument that sponsorship success is predicated on the success of the leveraging and activational activities of the sponsor. Foremost, these activities require organizations to invest more into the sponsorship that the rights fees. There have been several rules of thumb on how much firms should invest into the leveraging and activations of their sponsorships. Nevertheless, as Crimmins and Horn (1996) suggested, if the sponsor cannot afford to invest in leveraging and activations, they cannot afford the sponsorship. Without it, the sponsorship fees amount to nothing more than a charitable donation.

In addition to the literature review and introduction of sixteen propositions, this paper is also intended to introduce the remaining two papers of the dissertation – one a sponsorship model and the other on sponsorship ROI.

The sponsorship model paper empirically tests a model regarding the influence that sponsorship leveraging and activations have on consumer attitudes towards the sponsored property and the sponsor’s brand. The overarching theory that drives the model is Fritz Heider’s (1946, 1958) balance theory. Balance theory suggests the need of individuals to maintain balance in their relationships. If two objects (people, ideas, properties) are somehow linked and you have opposing opinions toward them, then balance theory suggests that the opinion toward one must eventually match the other. The theory allows us to explain image transfer from property to sponsor. We used structural equation modeling to test the fit of the proposed model. The event used to collect the data was a major college bowl game. Responses to a series of questions
regarding the event were solicited from two independent groups of attendees. Each group provided us a different set of data in which to compare our models. Our proposed hypotheses were then tested within the framework of the overall model. In addition, we also compared the proposed model to theoretically supported alternative models from MacKenzie et al. (1986) paper on attitudes towards the ad. Each of the alternative models were then tested to determine whether the competing models were better suited to the data.

The sponsorship ROI paper develops an attitudinally based means to determine the financial impact of a sponsorship. We have argued in this paper that the desired outcome for sponsors should be improved customer attitudes towards the brand. Extending the research on consumer attitudes, we developed a logistic regression model to predict the number of new buyers based upon the changed attitudes of consumers that resulted from attending or viewing the sponsored event. We then apply customer lifetime value to the number of new buyers to calculate the financial gain the sponsor should expect to obtain. These results are validated with an independent group of attendees after one buying cycle. In addition, a set of hypotheses are proposed and tested consistent with determining the financial return on the sponsored event.
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Sponsorship Model: Leverage and Activations

David K. Nickell
University of West Georgia
Introduction

It is nearly impossible to attend a major event without seeing hordes of sponsors vying for consumers’ attention and, more and more, corporations are turning to sponsorships to reach consumers (Catherwood and VanKirk 1992; Dallenbach, Davies et al. 2006; Wakefield, Becker-Olsen et al. 2007). One estimate suggests that companies spend 22% of their marketing communications budget to target consumers through sponsorship (Sneath, Finney et al. 2006) and 96% of U.S. corporations use sponsorship to augment their marketing communications (Close, Finney et al. 2006). Over the last 25 years, investments into sponsorships worldwide have grown from US$0.5 billion in 1982 to US$37 billion by 2006 (IEG 2007), and sponsorships are now one of the fastest growing marketing communications vehicles in the world (Cunningham, Cornwell et al. 2009).

The shift of marketing resources to sponsorships is a reflection of the decreasing effectiveness of traditional media (Wohlfeil and Whelan 2006) resulting from the increased fragmentation of media markets and a corresponding clutter in advertising messages (Shimp 1997; Madrigal 2001; Quester and Thompson 2001; Roy and Cornwell 2003). In addition, consumer attention has shifted away from traditional media to diversions like the internet and video gaming (Meenaghan 1998), while the costs to advertise in traditional media have increased (Gwinner 1997). To avoid the ubiquitous noise of advertisements, marketers have moved more of their marketing resources into sponsorships to allow targeting of specific consumer groups (McDaniel 1999; Meenaghan 2001; Fan and Pfitzenmaier 2002; Roy and Cornwell 2004; Smith 2004; Chedi 2008), and to engage these groups in interactive conversations (Evans, O'Malley et
al. 2004; Wohlfeil and Whelan 2006). Moreover, managers are finding that sponsorships are a more efficient means of communicating with consumers (Meenaghan 1998; Lyberger and McCarthy 2001). More importantly, by providing sponsorship support, a firm can expect that the positive consumer feelings held toward the sponsored property\(^2\) will transfer to the sponsor (Meenaghan 1991; Gwinner 1997; McDaniel 1999; Woodside, Summers et al. 2006).

The purpose of this paper is to develop a model illustrating how firms can shape the effects of their sponsorships. We use balance theory to explain how a consumer’s attitudes toward the sponsored property will influence their attitudes toward the sponsor. We also show the importance of leverage and activations in increasing the likelihood of moving consumers closer to becoming buyers.

**Theory Development**

**Balance Theory**

Balance theory allows us to predict a consumer’s attitude toward a sponsor based upon their attitude toward the sponsored property (Dean, 2002). Fritz Heider (1946, 1958) introduced the theory to explain the need for individuals to sustain stability in their attitudes towards an object, person, or idea. For example, when a person compares two concepts that are linked in some fashion (i.e. Olympics and Budweiser linked through

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\(^2\) The term sponsored property will be used throughout the paper as an all encompassing term. The sponsored property can refer to any number of possibilities, such as an event, a team, a person, artwork, an idea, etc.
sponsorship) and one is viewed favorably (Olympics) and one is not (Budweiser), then there is a lack of balance in attitudes (see figure 1). Balance theory suggests that the individual will resolve the imbalance in attitudes by either rethinking their attitude favorably toward the unfavorable (Budweiser), unfavorably toward the favorable (Olympics) (Cornwell et al., 2005), or deny the validity of the relationship (Budweiser – Olympics). In essence, the product of the three relationships (the plus and minus signs in figure 1) must be positive for the individual to achieve balance. Thus, an internal conversation may be “the Olympics are a great event, so Budweiser, by sponsoring the Olympics, must be better than I originally thought.” A second possibility is that the conversation proceeds as “I thought that the Olympics were a good event, but since it was associated with Budweiser, then it must not be as good as I thought.” The third option could be “the Olympics are associated with Budweiser simply for the money.” In any of these cases, the consumer will have achieved attitudinal balance.

**Figure 1**

*Balance Theory Example*

![Diagram of balance theory example](image-url)

For the relationship to be balanced, either the attendee’s attitude toward Budweiser becomes positive or the attitude towards the Olympics becomes negative.
Balance theory also allows us to predict which direction the consumer will sway based on the strength of the attitudinal bond for the objects (Crimmins and Horn 1996). To extend the previous example, if the consumer has stronger feelings for the sponsored property Olympics than for the sponsor Budweiser (illustrated by the thicker line between the attendee and the Olympics in Figure 1) and accepts the Olympics-Budweiser relationship, then we expect that consumers will see Budweiser more positively. In the converse, if the attitudes toward Budweiser are stronger, then the consumer’s opinions about the Olympics will suffer. Firms choose sponsorships to gain the benefits of the sponsored property’s strong relationship with its supporters (Meenaghan 1991; Gwinner 1997; McDaniel 1999; Woodside, Summers et al. 2006). In essence, they are betting that the strong attitudinal bonds with the sponsored property will transfer to the sponsor – as balance theory predicts.

The Attitudinal Triad. To understand the effectiveness of sponsorships better, it is necessary to provide a framework in which to examine the influence on consumer behavior. As sponsorships are a means of communicating brand attributes to targeted segments, it is prudent to examine the effectiveness of a sponsorship in the same way one would examine marketing communications (Poon and Prendergast 2007). Beerli and Santana (1999) considered multiple ways to evaluate advertising effectiveness and determined that examining it by means of an attitudinal construct was the best approach. Specifically, they recommended studying messaging through the attitudinal lens of cognition, affect, and conation.
Attitude is a “hypothetical construct” and, consequently, researchers cannot measure it directly (Ajzen 1988) and often break attitude down into three dimensions – cognition, affect, and conation (Breckler 1984; Eagly and Chaiken 1993). Rosenberg and Hovland (1960) created a model of these dimensions (see Figure 2) to illustrate that attitude is a response to some stimuli through some combination of cognition, affect, and conation (c.f. Pyun 2006). Viewing the model in Figure 2 within the context of sponsorship, stimuli represent the marketing communications and activities associated with the event, in other words the activations or leveraging of the sponsorship.

Figure 2

*Attitudinal Triad Model*

Cognition is used to represent the “thinking” response to the stimulus (Vakratsas and Ambler 1999), in essence the rational or mental state (Barry 1987), and is typically measured through a respondent’s awareness or knowledge of the stimulus (Smith and Swinyard 1982). Affect characterizes the “feeling” response (Vakratsas and Ambler
1999) and the emotional connection to the stimulus (Bagozzi 1978). Conation, also described as behavior, is the respondent’s action or intended action to buy (Eagly and Chaiken 1993). The influence that the sponsorship has on these consumer attitudes is correlated to the level of participation that the consumer invests into the event (Cornwell and Coote 2005).

Lavidge and Steiner (1961) first introduced the attitudinal triad into the marketing literature (Barry 1987). In their work, they proposed a hierarchy-of-effects model where consumers went through a series of stages, from cognition to affect, before reaching the decision to buy. Several scholars have proposed similar models based on the basic ordering of cognition, affect, and conation (e.g., Howard and Sheth 1969; Robertson 1971; Holbrook 1973). Scholars have since extended the research beyond product and onto attitudes towards brand and advertising.

The literature on attitudes toward advertising is extensive. Scholars have long established that buyers form affective reactions towards advertisements (Silk and Vavra 1974, Lutz 1975; Olson and Mitchell 1975). Moreover, scholars have shown that a consumer’s attitude towards a brand advertisement is antecedent to their attitude toward the actual brand (Mitchell and Olson 1981; Shimp 1981). MacKenzie, et al. (1986) found that affect towards the ad has a dual mediation influence on attitudes toward the brand. As illustrated in Figure 3, their study found that affect towards the ad ($A_{ad}$) not only directly impacts affect towards the brand ($A_b$) on future purchase behavior but also

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3 It is important to note differences of terminology in the attitude literature. Commonly, attitude is used in the same connotation as affect is used here. The attitude toward the ad literature often breaks out ad cognition ($C_{ad}$) and attitude toward the ad ($A_{ad}$) (see MacKenzie, et al. 1986). In the interest of avoiding confusion, for this paper attitude includes cognition, affect and conation and is not limited to affect.
indirectly influences $A_f$ through its impact on brand cognition ($C_b$). MacKenzie, et al. (1986) suggested that rather than viewing $A_{f_{ad}}$ and $C_b$ relationship with $A_f$ as independent from one another or substitutes for one another, we should consider their relationship with $A_f$ to be “intertwined” with one another.
**Hypotheses Development**

As noted above, sponsorship is a form of marketing communication (Poon and Prendergast 2007). Applying this argument to the MacKenzie et al. (1986) model, we can substitute sponsored property cognition \(C_{sp}\) and sponsored property affect \(A_{sp}\) for \(C_{ad}\) and \(A_{ad}\). In addition, we can substitute \(C_{b}\) with cognition for the sponsor \(C_{s}\) and \(A_{b}\) with affect for the sponsor \(A_{s}\), because the sponsor and the brand are the same.

Moreover, balance theory confirms the prediction that a consumer’s strong positive affect toward the sponsored property will positively influence their affect toward the sponsor. As a result, we propose the model shown in figure 4, which leads to the hypotheses:
H1a: Afsp is positively related to Af

H1b: Afsp relationship with Af is mediated by Cs

Figure 4
Dual Mediating Role of Affect for the Sponsored Property

Where:
- Csp represents cognition of sponsored property
- Cs represents cognitions of the sponsor
- Afsp represents affect for sponsored property
- As represents affect for the sponsor
- Bs represents behavior/conation towards the sponsor

Source: Adapted from Mackenzie, Lutz, and Belch (1986)

In the past, some scholars have challenged the ordering of the triad, arguing that the steps change depending on level of involvement with the brand (e.g. Vaugh 1980; Rothschild and Gaidis 1981; Smith and Swinyard 1982). Yet, attendees of sponsored properties typically have a high level of involvement (Jacobson 2003), hence alleviating some of the concerns regarding attitudinal ordering. Moreover, there has been work regarding the role of affect as a mediator on cognition toward advertising responses (Edell and Burke 1987; Holbrook and Batra 1987). Morris, Woo et al. (2002) found a significant relationship of affect’s mediating role on cognition toward conation.
Moreover, Dröge (1989) went further, finding that not only does affect mediate
cognition’s effect on conation but also that cognition has no direct impact on conation.
Within this line of reasoning, an event sponsor should see results of a Cognition\textsubscript{sponsor} →
Affect\textsubscript{sponsor} → Conation\textsubscript{sponsor}\footnote{Conation should be seen as behavior action with intent to purchase from the sponsor. Participating in activations or sampling the product is not considered, in this context, as conation.} path as shown in Figure 4 above.

H\textsubscript{2}: The consumer’s affective attitude toward the sponsor (Af\textsubscript{s}) will mediate the relationship between the cognitive (C\textsubscript{s}) and conative (I\textsubscript{s}) attitudes for the sponsor.

\textbf{The Sponsor’s Impact: Leverage and Activations}

Two of the most influential and widely cited papers in the sponsorship literature
over the last ten years, Speed and Thompson (2000) and Cornwell, Weeks, and Roy
(2005), identify the attitudinal triad as outcomes of sponsorship. For example, Speed and
Thompson’s (2000) model (shown in Figure 5a) illustrates that customer exposure to the
sponsorship will influence the consumer’s response of interest (or cognition), favorability
(affect), and use (conation) to the sponsor and this relationship is mediated by the
individual’s perception of the sponsorship. Cornwell, Weeks, and Roy’s (2005) model
(shown in Figure 5b) suggests that the relationship between market factors, management
factors, and individual/group factors, and the consumer’s cognition, affect, and conation
are mediated by “processing mechanisms.”
This study examines the possibility that the factors driving sponsorship are not only antecedents to consumer attitudes toward the sponsoring brand but also interact with...
cognition and affect to influence conation. Thus, we explore and hypothesize the impact that a sponsor can have on consumer attitudes, namely through leveraging and activation activities.

Activations are defined as the opportunities at a sponsored event for attendees to interact or involve themselves in some way with the sponsor’s brand (Weeks et al. 2008). For clarification, it is important to discern activation from leverage as these terms are often used interchangeably. Leverage is the means of identifying the sponsor with the event via marketing communications (Polonsky & Speed 2001; Weeks, Cornwell and Drennan 2008). Many scholars have suggested that one of the roles of sponsorship is to allow the sponsor and the sponsored property the opportunity to exploit their association to achieve marketing objectives (Walliser 2003). From a sponsor’s perspective, leverage and activations allow the exploitation of this association and, as a result, extract value from the equity of the sponsored property’s brand.

Leverage as Antecedent. The similarities and overlap of sponsorship leverage and advertising are readily evident (Cégarra 1994). Sponsorship leverage involves highlighting the relationship between the sponsor and the sponsored property within the marketing communications (Polonsky & Speed 2001; Weeks, Cornwell and Drennan 2008). We can rightly turn to the Ad literature once again to hypothesize the role that leverage will have on attitudes toward the sponsor and the sponsored property. As discussed previously, affect toward the advertisement serves a dual mediating role on brand cognition and brand affect (MacKenzie et al. 1986). Because sponsorship leverage
includes both the sponsor and the sponsored property within the firm’s marketing communications, a logical conclusion is that leverage acts as an antecedent to the cognition of the sponsored property and cognition of the sponsor, in addition to the sponsored property’s affect and sponsor’s affect. Figure 6 illustrates the hypothesized paths.

\[ H_{3a}: \text{Leverage will directly influence the cognition of the sponsored property (C}_{sp}) \]

\[ H_{3b}: \text{Leverage will directly influence sponsored property’s affect (A}_{sp}) \]

\[ H_{3c}: \text{Leverage will directly influence cognition of the sponsor (C}_{s}) \]

\[ H_{3d}: \text{Leverage will directly influence sponsor’s affect (A}_{s}) \]

Figure 6

Mediating Role of Sponsorship Leverage

Activations as Moderators. As stated above, activations are attempts by the sponsor to engage attendees actively with their product or service in association with the
sponsored property, most commonly while at the event itself. Since the majority of sponsorship activations occur at the event, it is logical to believe that the attendee has already developed some attitude toward the sponsored property. There is no guarantee, however, that the attendee has developed a relationship with or attitude toward the sponsor. Hence, whatever influence the activation has on the attendee toward the sponsor will occur when the activation is experienced.

Sneath, Finney, and Close (2005) found that when event attendees were exposed to the sponsor’s activations, their evaluation of the sponsor was more favorable, and their likelihood to buy from the sponsor was higher than those who were not exposed to the activations. Weeks, Cornwell, and Drennan (2008) concluded that activations in which attendees interact are far more effective than passive messaging. Woodside, Summers, et al. (2006) found that firms must incorporate activations into their sponsorships to reach their marketing objectives. Several scholars have noted that the marketing objectives of a sponsorship are to influence the attitudes towards the brand positively, eventually driving sales (Speed & Thompson 2000; Cornwell, Weeks & Roy 2005; Simmons & Becker-Olsen 2006). Therefore, a logical hypothesis is that activations will interact with the attendees’ affect for the sponsored property to influence both cognition of the sponsor and sponsor’s affect positively. Figure 7 shows the hypothesized impact of activations.

H4a: Activations will moderate the influence that affect for the sponsored property (Afsp) has on cognition of the sponsor (Cs)

H4b: Activations will moderate the influence that affect for the sponsored property (Afsp) has on the sponsor’s affect (Af)
**Figure 7**

*Moderating Role of Sponsorship Activations*

Thus, we have the hypothesized model for sponsorship fully developed in Figure 8.

**Figure 8**

*Conceptual Model for Study*
Methodology

The data was collected through a field experimental survey study conducted at a major college football bowl game. As shown is Figure 9, six phases of data collection occurs. Each sample was independent from the other, so no respondent answered the questionnaire more than once. Respondents for the first, third, and fourth phases of the study were surveyed through an online panel and these respondents received incentives from the online panel host. To recruit respondents for phases two, five, and six, we commissioned a marketing firm who supplied 13 trained field interviewers. For phase two, five of the field researchers solicited attendees before kick-off\(^5\) on game day and offered a $5 gift certificate as incentive for a completed questionnaire. Because of the anticipated difficulty of recruiting attendees to complete the questionnaire immediately after the game, we instead had the remaining field interviewers approach people before the game and ask for their email addresses so that we could follow-up with an online questionnaire either within one week (phase 5) or one month (phase 6) after the bowl game. The study’s timeline is shown in Figure 9. Those persons who agreed to supply their email address are given a small incentive and promised the $5 gift card upon completion of the online questionnaire.

\(^5\) Kick-off was at 7:30 p.m.
None of the samples is random. The respondents from the online panels had previously chosen to participate in internet-based studies; respondents were chosen randomly from the panel. The attendees recruited at the game, either to complete the questionnaire or asked for email addresses for follow-up were a convenience sample.

**Survey Instrument Development**

*Measures.* In pretesting the questionnaire, we tested three versions of various Likert scales – a 7-category scale, a 6-category scale with a non-response option, and a 6-
category scale. We found that several respondents with the 7-category scale questionnaire would select the mid-category of 4 on all the questions. Similarly, many respondents answering the questionnaire with the 6-category scale and non-response option selected all no response options. After eliminating the non-committal respondents, we compared the results of the three groups and found no significant variance in the answers. To ensure that we had ample sample size, we opted to go with the 6-category Likert scales without the non-response option. Table 1 lists each of the measured constructs and the supporting items.

**Table 1**

*Factor Reliabilities and Average Variance Extracted for the Measurement Model*

<table>
<thead>
<tr>
<th>Item</th>
<th>Average Variance Extracted</th>
<th>Cronbach's α</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sponsored Property Affect</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. TEAM Football supports the same ideals that I do</td>
<td>85%</td>
<td>0.97</td>
</tr>
<tr>
<td>2. I have the same values as TEAM Football</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. I like the fans who attend TEAM Football games</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. I feel that I am part of the TEAM Football family</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. I am a strong supporter of TEAM football</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. I enjoy following coverage of TEAM Football</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. TEAM Football is for people like me</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand (Sponsor) Cognition</td>
<td>60</td>
<td>0.82</td>
</tr>
<tr>
<td>1. I know what Brand X is</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. I can recognize Brand X Products among competing brands</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. I know enough about Brand X to explain it to someone who has never chosen the product before</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. I have difficulty in imagining Brand X in my mind (R)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. I can quickly recall the symbol or logo Brand X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand (Sponsor) Affect</td>
<td>75</td>
<td>0.92</td>
</tr>
<tr>
<td>------------------------</td>
<td>----</td>
<td>------</td>
</tr>
<tr>
<td>1. I like Brand X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. I have a very favorable view of Brand X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Brand X would be my first choice in this product category</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. I would not choose another product if Brand X is available</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. I would recommend Brand X to friends</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Brand (Sponsor) Conation</th>
<th>76</th>
<th>0.84</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. I frequently use Brand X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. I will use Brand X within the next month</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. I have rarely used Brand X products over the last year (R)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Purchased Brand X in the past month?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Activations</th>
<th>61</th>
<th>0.76</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. T-shirt cannon</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Brand X samples during the game</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. The live mascots</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. The contribution to charities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. The Brand X sample giveaway</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. The parachuting plush mascots</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Brand X employees</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

_Sponsored Property Affect_ is captured with the construct _team identification_.

Madrigal (2000) suggests that those who have higher levels of identification with the sponsored property are more emotionally invested with the property. Branscombe and Wann (1992, 1994, 1995) found that fans with higher identification with their teams were more physiologically and psychologically stimulated while watching their teams compete. Madrigal (1995) found that these highly identified fans showed stronger affective responses to the outcome of a game in which their team participated. Moreover, these same fans showed greater self-esteem, less amounts of depression and better satisfaction with their lives than less identified fans (Branscombe and Wann 1991).
Therefore, measures such as “I like X” may not capture the level of affect for a sponsored property as it might for a brand. We believed the team identification construct better encapsulated the level of affect suggested in the model. Team identification is measured with a 7-item Likert scale. Each respondent is asked to signify their level of agreement with the statements.

There may be some confusion regarding the meaning of sponsored property, whether it is intended to represent affect for the team versus affect for the event itself. Martin and Weisberg, (2003) discovered that a person’s level of affect is much stronger with animate objects versus inanimate objects or abstract concepts. Subsequently for the purpose of this study, we are referring to affect for the team. Alexandris et al. (2007) point out that attendees of an event are there to support a team, player, or cause and rarely the event or venue in itself. There are may be exceptions like the Olympics, or the Super Bowl – these are events to themselves. Nevertheless, fans are impassioned about their sports teams and players or their social causes and it is this passion that sponsors are looking to leverage for their brands. Hence, the event sponsor is looking for an image transfer from the property the fan is most passionate about.

*Brand Cognition* was derived from Lavidge and Steiner’s (1961) hierarchy-of-effects model and is established from two constructs – awareness and knowledge. Measurement of cognition in the sponsorship literature typically includes awareness (Cornwell, Weeks, and Roy 2005). Awareness and knowledge are each measured on a 3-item Likert scale.
Brand Affect was also derived from Lavidge and Steiner’s (1961) hierarchy-of-effects model and is established from two constructs – liking and preference. There have been several studies on affective outcomes within the sponsorship stream of research (Cornwell, Weeks, and Roy 2005). Examples can be found in the works of Ruth and Simonin (2003), Becker-Olsen and Simmons (2002), and McDaniel (1999) among others. Both liking and preference are measured on their own three-item Likert scale.

Brand Conation is composed of the constructs conviction and purchase of Lavidge and Steiner’s (1961) hierarchy-of-effects model. Historically, scholars of sponsorship have captured conation (or behavior) with intent-to-purchase items (Cornwell, Weeks, and Roy 2005). Madrigal’s studies (2001, 2000) are prime examples of this. Because we want to capture incremental changes in behavior resulting from the sponsorship, we also wanted to capture historical purchase behavior as well. Therefore, both intent-to-purchase (within the conviction construct) and purchase are measured. Conviction is captured with a 3-item Likert scale and purchase on a 2-item Likert scale.

Leverage is captured with two items: “I have been exposed to a lot of media coverage for tonight’s game” and “I have seen tonight’s game promoted by BRAND X at is locations.” Each statement is measured on the 6-category Likert scale.

Activations will be measured by asking respondents how well they remember each of the activations on a 6-point Likert scale. Foils (activations that do not occur) were included to mitigate any potential response bias. The activations measured at the event are listed in Table 1.
The average variance extracted for each of the listed constructs were greater than 0.50, which is the minimum cutoff suggested by Fornell and Larcker (1981). The mean average variance extracted was .71, suggesting that the constructs explained approximately 71% of the variance in the measured items.

**Questionnaire Design**

The questionnaire is composed of five main sections:

- Attitudes toward the sponsored property
- Attitudes toward the sponsor
- Activations (only for those who had attended or watched the game)
- Attitudes toward a plausible sponsor of the event (Johar, Pham, and Wakefield, 2006).
- Demographics

The questionnaire includes reverse-coded items and foils\(^6\) to control for response bias.

Attitudinal questions regarding a relatively familiar brand not associated with the game was included in the questionnaire as a plausible sponsor of the event (Johar, Pham, and Wakefield, 2006). This approach tests whether a halo effect exists around the event.

---

6\(^{\text{In addition to the fictional activations, we ask the respondents about their level of familiarity on a list of brands. Three of the nine brands listed are fictional (see page 2 of questionnaire in appendix A).}}\)
and influences the attitudes for all brands, whether a sponsor or not (Kelly 1955). The questions were the same as for the tested sponsor BRAND X.

Results

Descriptive statistics of the sample population from each wave is shown in Table 2. There are notable difference between the general population, television viewers, and the event attendees. Compared to the sample from the general public, television viewers of the event tended to older, slightly more educated and affluent, and much more likely to be male. Attendees were considerably younger, had much higher incomes and were likelier to have graduated from college than the general public sample.

Table 2

*Demographic Characteristic from each Wave of Research*

<table>
<thead>
<tr>
<th></th>
<th>n</th>
<th>% male</th>
<th>average age</th>
<th>average HH income</th>
<th>% college grad</th>
</tr>
</thead>
<tbody>
<tr>
<td>general public - before event</td>
<td>212</td>
<td>49.5</td>
<td>44.8</td>
<td>$56,715</td>
<td>34.0</td>
</tr>
<tr>
<td>attendees - before event</td>
<td>374</td>
<td>50.0</td>
<td>36.7</td>
<td>$80,558</td>
<td>57.7</td>
</tr>
<tr>
<td>TV viewers - after event</td>
<td>87</td>
<td>71.2</td>
<td>47.0</td>
<td>$64,452</td>
<td>43.9</td>
</tr>
<tr>
<td>general public - after event</td>
<td>295</td>
<td>52.5</td>
<td>40.3</td>
<td>$57,547</td>
<td>40.0</td>
</tr>
<tr>
<td>attendees - 1 week after event</td>
<td>77</td>
<td>52.2</td>
<td>32.4</td>
<td>$85,367</td>
<td>65.2</td>
</tr>
<tr>
<td>attendees - 1 month after event</td>
<td>106</td>
<td>57.3</td>
<td>35.9</td>
<td>$82,371</td>
<td>60.5</td>
</tr>
</tbody>
</table>

We captured the level of attitude from each sample group as shown in Table 3. The levels of awareness, knowledge, liking and preference are essentially equivalent for the general public before and after the event. This suggests that no external influences
shaped consumer attitude towards the brand. The television viewers of the event show an increase in knowledge, liking, and preference over the general public, while awareness is effectively the same. The attendees to the event have markedly higher attitudinal levels at each stage.

Table 3

Attitudinal Levels from each Wave of Research

<table>
<thead>
<tr>
<th></th>
<th>Awareness</th>
<th>Knowledge</th>
<th>Liking</th>
<th>Preference</th>
</tr>
</thead>
<tbody>
<tr>
<td>general public - before event</td>
<td>74%</td>
<td>59%</td>
<td>63%</td>
<td>44%</td>
</tr>
<tr>
<td>attendees - before event</td>
<td>94%</td>
<td>87%</td>
<td>89%</td>
<td>75%</td>
</tr>
<tr>
<td>TV viewers - after event</td>
<td>77%</td>
<td>71%</td>
<td>69%</td>
<td>50%</td>
</tr>
<tr>
<td>general public - after event</td>
<td>75%</td>
<td>63%</td>
<td>61%</td>
<td>43%</td>
</tr>
<tr>
<td>attendees - 1 week after event</td>
<td>95%</td>
<td>91%</td>
<td>89%</td>
<td>72%</td>
</tr>
<tr>
<td>attendees - 1 month after event</td>
<td>94%</td>
<td>91%</td>
<td>89%</td>
<td>70%</td>
</tr>
</tbody>
</table>

Structural Equation Modeling using AMOS 17.0 was employed to understand the causal effects among the attitudinal variables towards the sponsored property, the corporate sponsor, and the sponsor’s leveraging and activational actions. The model was conducted separately for group 5 (attendees one week after the event) and group 6 (attendees one month after the event). These were the only groups that were exposed to both the sponsor’s leveraging and activations before being surveyed. The covariance matrixes used as the input for analyzing the models are given in Table 4 and Table 5. We found very little variance in the cognition for the sponsored property. Every respondent was very aware and knowledgeable of the teams participating in the game (mean = 5.97 on a 6-point scale). As a result, we were unable to test any hypotheses on cognition for
the sponsored property and therefore decided to eliminate this specific latent variable from the models.

Table 4
*Covariance Matrix – Group 5 (N = 75)*

<table>
<thead>
<tr>
<th></th>
<th>Activations</th>
<th>Team Affect</th>
<th>Leverage</th>
<th>Brandcognit</th>
<th>Brandaffect</th>
<th>Brandconat</th>
<th>Activ1_X_Tmaff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Activations</td>
<td>1.073</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Team Affect</td>
<td>.023</td>
<td>.480</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leverage</td>
<td>.128</td>
<td>.032</td>
<td>.659</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brandcognit</td>
<td>.050</td>
<td>.073</td>
<td>.060</td>
<td>.256</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brandaffect</td>
<td>.128</td>
<td>-.005</td>
<td>.119</td>
<td>.207</td>
<td>.423</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brandconat</td>
<td>.048</td>
<td>.022</td>
<td>.121</td>
<td>.172</td>
<td>.273</td>
<td>.304</td>
<td></td>
</tr>
<tr>
<td>Activ1_X_Tmaff</td>
<td>.447</td>
<td>-.040</td>
<td>.168</td>
<td>.062</td>
<td>.132</td>
<td>.091</td>
<td>.765</td>
</tr>
</tbody>
</table>

Mean (0.0920) 0.3756 0.3136 0.8149 0.4909 0.8775 (0.0172)

Table 5
*Covariance Matrix – Group 6 (N = 96)*

<table>
<thead>
<tr>
<th></th>
<th>Activations</th>
<th>Team Affect</th>
<th>Leverage</th>
<th>Brandcognit</th>
<th>Brandaffect</th>
<th>Brandconat</th>
<th>Activ1_X_Tmaff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Activations</td>
<td>1.254</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Team Affect</td>
<td>.028</td>
<td>.525</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leverage</td>
<td>.198</td>
<td>.052</td>
<td>.705</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brandcognit</td>
<td>.049</td>
<td>.094</td>
<td>.068</td>
<td>.217</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brandaffect</td>
<td>.145</td>
<td>-.008</td>
<td>.158</td>
<td>.225</td>
<td>.503</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brandconat</td>
<td>.069</td>
<td>.031</td>
<td>.098</td>
<td>.196</td>
<td>.306</td>
<td>.329</td>
<td></td>
</tr>
<tr>
<td>Activ1_X_Tmaff</td>
<td>.628</td>
<td>-.059</td>
<td>.152</td>
<td>.069</td>
<td>.159</td>
<td>.104</td>
<td>.710</td>
</tr>
</tbody>
</table>

Mean 0.0674 0.5336 0.4299 0.7618 0.4540 0.8461 0.0277

We used several indicators to determine the overall fit of the proposed model for the dual mediating role of affect for the sponsored property (Bagozzi & Yi, 1988). The results suggest the data and model for both groups fit well enough to warrant further interpretation; group 5: \(\chi^2(5) = 3.20, p = .67;\) GFI = .99; NFI = .98; RMSEA = .00; group 6: \(\chi^2(5) = 7.17, p = .21;\) GFI = .98; NFI = .97; RMSEA = .07. The parameter estimates,
unstandardized, standardized, and significance levels for both groups are presented in Tables 6 and 7.

**Table 6**

*Unstandardized, Standardized, and Significance Levels for Group 5 - Dual Mediating Role of Affect for the Sponsored Property (Standard Errors in Parentheses; N = 75)*

<table>
<thead>
<tr>
<th>Parameter Estimate</th>
<th>Unstandardized</th>
<th>Standardized</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leverage → Sponsored Property Affect</td>
<td>.06 (.12)</td>
<td>.07</td>
<td>.62</td>
</tr>
<tr>
<td>Leverage → Brand Cognition</td>
<td>.07 (.09)</td>
<td>.12</td>
<td>.44</td>
</tr>
<tr>
<td>Leverage → Brand Affect</td>
<td>.12 (.09)</td>
<td>.15</td>
<td>.17</td>
</tr>
<tr>
<td>Sponsored Property Affect → Brand Cognition</td>
<td>.20 (.11)</td>
<td>.27</td>
<td>.06</td>
</tr>
<tr>
<td>Sponsored Property Affect → Brand Affect</td>
<td>−.19 (.11)</td>
<td>−.20</td>
<td>.08</td>
</tr>
<tr>
<td>Activations → Brand Cognition</td>
<td>−.01 (.10)</td>
<td>−.02</td>
<td>.91</td>
</tr>
<tr>
<td>Activations → Brand Affect</td>
<td>.03 (.09)</td>
<td>.04</td>
<td>.76</td>
</tr>
<tr>
<td>Interaction → Brand Cognition</td>
<td>.10 (.12)</td>
<td>.18</td>
<td>.39</td>
</tr>
<tr>
<td>Interaction → Brand Affect</td>
<td>.03 (.12)</td>
<td>.04</td>
<td>.78</td>
</tr>
<tr>
<td>Brand Cognition → Brand Affect</td>
<td>1.03 (.09)</td>
<td>.80</td>
<td>&lt; .001</td>
</tr>
<tr>
<td>Brand Affect → Brand Conation</td>
<td>.80 (.08)</td>
<td>.95</td>
<td>&lt; .001</td>
</tr>
</tbody>
</table>

*Note: χ²(5) = 3.20, p = .67; GFI = .99; NFI = .98; RMSEA = .00*

**Table 7**

*Unstandardized, Standardized, and Significance Levels for Group 6 - Dual Mediating Role of Affect for the Sponsored Property (Standard Errors in Parentheses; N = 96)*

<table>
<thead>
<tr>
<th>Parameter Estimate</th>
<th>Unstandardized</th>
<th>Standardized</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leverage → Sponsored Property Affect</td>
<td>.09 (.11)</td>
<td>.11</td>
<td>.40</td>
</tr>
<tr>
<td>Leverage → Brand Cognition</td>
<td>.07 (.07)</td>
<td>.12</td>
<td>.36</td>
</tr>
<tr>
<td>Leverage → Brand Affect</td>
<td>.09 (.08)</td>
<td>.11</td>
<td>.22</td>
</tr>
<tr>
<td>Sponsored Property Affect → Brand Cognition</td>
<td>.27 (.09)</td>
<td>.43</td>
<td>&lt; .01</td>
</tr>
<tr>
<td>Sponsored Property Affect → Brand Affect</td>
<td>−.37 (.12)</td>
<td>−.37</td>
<td>&lt; .01</td>
</tr>
<tr>
<td>Activations → Brand Cognition</td>
<td>−.17 (.13)</td>
<td>−.42</td>
<td>.20</td>
</tr>
<tr>
<td>Activations → Brand Affect</td>
<td>.10 (.15)</td>
<td>.16</td>
<td>.49</td>
</tr>
<tr>
<td>Interaction → Brand Cognition</td>
<td>.32 (.18)</td>
<td>.59</td>
<td>.08</td>
</tr>
<tr>
<td>Interaction → Brand Affect</td>
<td>−.11 (.22)</td>
<td>−.12</td>
<td>.63</td>
</tr>
<tr>
<td>Brand Cognition → Brand Affect</td>
<td>1.60 (.20)</td>
<td>1.02</td>
<td>&lt; .001</td>
</tr>
<tr>
<td>Brand Affect → Brand Conation</td>
<td>.76 (.06)</td>
<td>.94</td>
<td>&lt; .001</td>
</tr>
</tbody>
</table>
Note: $\chi^2(5) = 7.17, p = .21; \text{GFI} = .98; \text{NFI} = .97; \text{RMSEA} = .07$

Hypotheses. The results of hypotheses are summarized in table 9. In examining the first set of hypotheses, $H_{1a}$ and $H_{1b}$, we find surprising results. $H_{1a}$ proposes that affect towards the sponsored property is positively related to affect towards the sponsor. We found just the opposite, that affect towards the sponsored property is negatively related to affect towards the sponsor. Group 5 showed the negative relationship at the 90% confidence interval (maximum-likelihood estimate $= -.19$, $p$ value $= .08$) and group 6 showed this at 95% C.I. (maximum-likelihood estimate $= -.37$, $p$ value $< .01$).

Pitts and Slattery (2004) found a similar result in their study of sponsorship’s influence on awareness over time. They supposed that some of the respondents were indifferent towards the brands studied or found no need for some of the brands. Regardless, $H_{1a}$ is not supported.

Hypothesis 1b, which states that the relationship between sponsored property affect and sponsor affect is mediated by sponsor cognition, is supported. The paths from sponsored property affect to brand cognition (group 5: maximum-likelihood estimate $= .20$, $p$ value $= .06$; group 6: maximum-likelihood estimate $= .27$, $p$ value $< .01$) and from brand cognition to brand affect (group 5: maximum-likelihood estimate $= 1.03$, $p$ value $< .001$; group 6: maximum-likelihood estimate $= 1.60$, $p$ value $< .001$) are significant. Moreover, the relationships are positive along both paths.
The models show strong support to a hierarchical order of attitudes, with brand cognition having a positive influence on brand affect (group 5: maximum-likelihood estimate = 1.03, \( p \) value < 0.001; group 6: maximum-likelihood estimate = 1.60, \( p \) value < 0.001) and brand affect having a positive influence on brand conation (group 5: maximum-likelihood estimate = .80, \( p \) value < 0.001; group 6: maximum-likelihood estimate = .76, \( p \) value < 0.001). Thus hypothesis 2, the consumer’s affective attitude toward the sponsor (Af\( s \)) will mediate the relationship between the cognitive (Cs) and conative (Is) attitudes for the sponsor, is supported.

The next set of hypotheses deals with the impact of leveraging on consumer attitudes. Because of the issues discussed previously regarding cognition for the sponsored property, we were limited to testing H\( 3b \)-H\( 3d \). Hypothesis 3b suggests that leveraging will directly influence affect towards the sponsored property. We found no support for this hypothesis in either group. In group 5, the maximum likelihood estimate of the path from leverage to sponsored property affect was .06 with a \( p \) value of .62; in group 6, the maximum likelihood estimate was .09 with a \( p \) value of .40. Hypothesis 3c puts forth that leveraging will directly influence cognition towards the sponsor. In examining the path from leverage to brand (sponsor) cognition, we found that for group 5 the maximum likelihood estimate was .07 with a \( p \) value of .44; for group 6, the maximum likelihood estimate was .07 with a \( p \) value of .36. Thus, there is no support for H\( 3c \). The last hypothesis of the group (H\( 3d \)) proposes that sponsorship leveraging will directly influence affect for the sponsor. Group 5’s path from leverage to brand (sponsor) affect resulted in maximum likelihood estimate was .12 with a \( p \) value of .17; for group 6,
the maximum likelihood estimate was 0.09 with a $p$ value of 0.22. As with the other hypotheses dealing with leverage, there was no support for H$_{3d}$ in either group.

Hypotheses 4a and 4b investigate the moderating impact of activations. H$_{4a}$ proposes that activations will moderate the influence affect for the sponsored property has on cognition of the sponsor. No path, neither the main effect of activations nor the interaction term (activations x sponsored property affect), show a significant causal relationship to brand cognition. For group 5, the activation to brand cognition path resulted in a maximum likelihood estimate was -0.01 with a $p$ value of 0.91; the interaction term path to brand cognition showed a maximum likelihood estimate was 0.10 with a $p$ value of 0.39. We found similar results for group 6, the activation to brand cognition path resulted in a maximum likelihood estimate was -0.17 with a $p$ value of 0.20; the interaction term path to brand cognition showed a maximum likelihood estimate was 0.32 with a $p$ value of 0.08. Hence, hypothesis 4a is not supported.

Hypothesis 4b states that activations will moderate the influence that affect for the sponsored property has on the sponsor’s affect. As with H$_{4a}$, neither the activation nor interaction term path show a significant causal relationship to brand cognition. For group 5, the activation to brand cognition path resulted in a maximum likelihood estimate was 0.03 with a $p$ value of 0.76; the interaction term path to brand cognition showed a maximum likelihood estimate was 0.03 with a $p$ value of 0.78. For group 6, the activation to brand cognition path resulted in a maximum likelihood estimate was 0.10 with a $p$ value of 0.49; the interaction term path to brand cognition showed a maximum likelihood estimate was -0.11 with a $p$ value of 0.63. As a result, hypothesis 4b is not supported either.
Alternative Models. One of the advantages of using structural equation models to evaluate data is the ability to test alternative or competing models (Tomarken and Waller 2004). This advantage is important as other models may fit the data as well as or better than the proposed model (Meehl and Waller 2002) – in essence, alternative models are confounds and must be ruled out. For the alternative models, we turn again to MacKenzie et al. (1986). MacKenzie et al. (1986) tested competing models, illustrated in Figure 10, to determine the relationship between attitudes toward the advertisement and attitudes toward the brand. Their best fitting model (the dual mediation hypothesis) is the one in which we based our model. Nevertheless, the theory supporting each of their alternatives suggests that the other options may suit sponsorship. When we evaluated the competing models, the hypothesized leverage paths remained as in the proposed model. Also, the activation paths continue to moderate the paths stemming from affect for the sponsored property. The fit indices for each model are given in Table 8.

Figure 10:
*MacKenzie, Lutz, and Belch’s (1986) Four Competing Models*
### Table 8
*Fit Indices for the Proposed and Alternative Models*

<table>
<thead>
<tr>
<th>Group 5 (n=75)</th>
<th>χ²</th>
<th>df</th>
<th>p</th>
<th>GFI</th>
<th>NFI</th>
<th>RMSEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dual Mediation</td>
<td>3.20</td>
<td>5</td>
<td>0.67</td>
<td>0.99</td>
<td>0.98</td>
<td>0.00</td>
</tr>
<tr>
<td>Affect Transfer</td>
<td>7.30</td>
<td>8</td>
<td>0.51</td>
<td>0.97</td>
<td>0.95</td>
<td>0.00</td>
</tr>
<tr>
<td>Independent Influences</td>
<td>9.45</td>
<td>8</td>
<td>0.31</td>
<td>0.97</td>
<td>0.94</td>
<td>0.05</td>
</tr>
<tr>
<td>Reciprocal Mediation</td>
<td>3.20</td>
<td>5</td>
<td>0.67</td>
<td>0.99</td>
<td>0.98</td>
<td>0.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Group 6 (n=96)</th>
<th>χ²</th>
<th>df</th>
<th>p</th>
<th>GFI</th>
<th>NFI</th>
<th>RMSEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dual Mediation</td>
<td>7.17</td>
<td>5</td>
<td>0.21</td>
<td>0.98</td>
<td>0.97</td>
<td>0.07</td>
</tr>
<tr>
<td>Affect Transfer</td>
<td>17.77</td>
<td>8</td>
<td>0.02</td>
<td>0.95</td>
<td>0.93</td>
<td>0.11</td>
</tr>
<tr>
<td>Independent Influences</td>
<td>28.06</td>
<td>8</td>
<td>0.00</td>
<td>0.92</td>
<td>0.89</td>
<td>0.16</td>
</tr>
<tr>
<td>Reciprocal Mediation</td>
<td>7.17</td>
<td>5</td>
<td>0.21</td>
<td>0.98</td>
<td>0.97</td>
<td>0.07</td>
</tr>
</tbody>
</table>

Source: Mackenzie, Lutz, and Belch (1986)
While each model tested with responses from the group 5 participants appear to fit the data, only the dual mediation and reciprocal mediation models fit for group 6. Furthermore, the fit indices for the dual mediation and reciprocal mediation models are identical for both group 5 and 6. Tomarken and Waller (2004) point out that one of the issues with SEM is that models that force equivalent restrictions on the same data will always end up with the same fit indices. This is the case with the dual mediation and reciprocal mediation models. Therefore, we should compare the parameter estimates from each to determine the best model for the data. The parameter estimates and significance for the reciprocal mediation models for groups 5 and 6 is presented in Tables 9 and 10.

Table 9

Unstandardized, Standardized, and Significance Levels for Group 5 – Reciprocal Mediation Role of Affect for the Sponsored Property (Standard Errors in Parentheses; N = 75)

<table>
<thead>
<tr>
<th>Parameter Estimate</th>
<th>Unstandardized</th>
<th>Standardized</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leverage → Sponsored Property Affect</td>
<td>-.03 (.14)</td>
<td>-.03</td>
<td>.85</td>
</tr>
<tr>
<td>Leverage → Brand Cognition</td>
<td>.11 (.09)</td>
<td>.18</td>
<td>.20</td>
</tr>
<tr>
<td>Leverage → Brand Affect</td>
<td>.14 (.09)</td>
<td>.18</td>
<td>.14</td>
</tr>
<tr>
<td>Sponsored Property Affect → Brand Affect</td>
<td>-.30 (.14)</td>
<td>-.31</td>
<td>.03</td>
</tr>
<tr>
<td>Activations → Brand Affect</td>
<td>.03 (.12)</td>
<td>.05</td>
<td>.77</td>
</tr>
<tr>
<td>Interaction → Brand Affect</td>
<td>-.02 (.15)</td>
<td>-.03</td>
<td>.87</td>
</tr>
<tr>
<td>Brand Affect → Sponsored Property Affect</td>
<td>.36 (.22)</td>
<td>.34</td>
<td>.10</td>
</tr>
<tr>
<td>Brand Affect → Activations</td>
<td>.18 (.30)</td>
<td>.11</td>
<td>.55</td>
</tr>
<tr>
<td>Brand Affect → Interaction</td>
<td>.22 (.25)</td>
<td>.17</td>
<td>.38</td>
</tr>
<tr>
<td>Brand Cognition → Brand Affect</td>
<td>1.08 (.16)</td>
<td>.84</td>
<td>&lt; .001</td>
</tr>
<tr>
<td>Brand Affect → Brand Conation</td>
<td>.80 (.08)</td>
<td>.95</td>
<td>&lt; .001</td>
</tr>
</tbody>
</table>

Note: $\chi^2(5) = 3.20, p = .67$; GFI = .99; NFI = .98; RMSEA = .00

Table 10
**Unstandardized, Standardized, and Significance Levels for Group 6 – Reciprocal Mediation Role of Affect for the Sponsored Property (Standard Errors in Parentheses; N = 96)**

<table>
<thead>
<tr>
<th>Parameter Estimate</th>
<th>Unstandardized</th>
<th>Standardized</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leverage → Sponsored Property Affect</td>
<td>−.01 (.13)</td>
<td>−.02</td>
<td>.91</td>
</tr>
<tr>
<td>Leverage → Brand Cognition</td>
<td>.12 (.07)</td>
<td>.22</td>
<td>.09</td>
</tr>
<tr>
<td>Leverage → Brand Affect</td>
<td>.10 (.08)</td>
<td>.12</td>
<td>.22</td>
</tr>
<tr>
<td>Sponsored Property Affect → Brand Affect</td>
<td>−.41 (.12)</td>
<td>−.41</td>
<td>&lt; .001</td>
</tr>
<tr>
<td>Activations → Brand Affect</td>
<td>.13 (.15)</td>
<td>.20</td>
<td>.41</td>
</tr>
<tr>
<td>Interaction → Brand Affect</td>
<td>−.15 (.22)</td>
<td>−.18</td>
<td>.49</td>
</tr>
<tr>
<td>Brand Affect → Sponsored Property Affect</td>
<td>.40 (.17)</td>
<td>.40</td>
<td>.02</td>
</tr>
<tr>
<td>Brand Affect → Activations</td>
<td>.12 (.24)</td>
<td>.07</td>
<td>.62</td>
</tr>
<tr>
<td>Brand Affect → Interaction</td>
<td>.23 (.17)</td>
<td>.20</td>
<td>.18</td>
</tr>
<tr>
<td>Brand Cognition → Brand Affect</td>
<td>1.63 (.19)</td>
<td>1.04</td>
<td>&lt; .001</td>
</tr>
<tr>
<td>Brand Affect → Brand Conation</td>
<td>.76 (.06)</td>
<td>.94</td>
<td>&lt; .001</td>
</tr>
</tbody>
</table>

*Note: $\chi^2$(5) = 7.17, $p = .21$; GFI = .98; NFI = .97; RMSEA = .07*

In comparing the results from the dual mediating and reciprocal mediating models, none of the conclusions from the hypotheses are changed. In both models, the consumer’s affect for the sponsor mediates the relationship between cognitive and conative attitudes towards the sponsor. The reciprocal mediating model does not suggest a path to brand (sponsor) cognition, so $H_{1b}$ is not challenged. Moreover, we still get the surprising result that the relationship from affect for the sponsored property to affect for the sponsor is negative (group 5: maximum-likelihood estimate = −.30, $p$ value = 0.03; group 6: maximum-likelihood estimate = −.41, $p$ value < 0.001). One significant finding from the second model is the positive relationship between brand affect and affect for the sponsored property (group 5: maximum-likelihood estimate = .36, $p$ value = 0.10; group 6: maximum-likelihood estimate = .40, $p$ value = 0.02). This relationship was not hypothesized in the dual mediating model.
Discussion

The purpose of this study was to develop a model that helps explain the influence an organization can have on its sponsorships through leverage and activation. We tested four sets of hypotheses which are summarized in Table 11.

Table 11

Results of Tested Hypotheses

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1a: Affect for the sponsored property is positively related to affect for the sponsor</td>
<td>Rejected</td>
</tr>
<tr>
<td>H1b: The relationship between affect for the sponsored property with affect for the sponsor is mediated by cognition of the sponsor</td>
<td>Confirmed</td>
</tr>
<tr>
<td>H2: The consumer’s affect toward the sponsor will mediate the relationship between the cognitive and conative attitudes for the sponsor.</td>
<td>Confirmed</td>
</tr>
<tr>
<td>H3a: Leverage will directly influence the cognition of the sponsored property</td>
<td>Rejected</td>
</tr>
<tr>
<td>H3b: Leverage will directly influence sponsored property’s affect</td>
<td>Rejected</td>
</tr>
<tr>
<td>H3c: Leverage will directly influence cognition of the sponsor</td>
<td>Rejected</td>
</tr>
<tr>
<td>H3d: Leverage will directly influence sponsor’s affect</td>
<td>Rejected</td>
</tr>
<tr>
<td>H4a: Activations will moderate the influence affect for the sponsored property has on cognition of the sponsor</td>
<td>Rejected</td>
</tr>
<tr>
<td>H4b: Activations will moderate the influence affect for the sponsored property has on the sponsor’s affect</td>
<td>Rejected</td>
</tr>
</tbody>
</table>

Unfortunately, we were unable to show any influence on brand attitude from leveraging or activation. This is likely due to the nature of the event and the study design rather than the ineffectiveness of the actual sponsorship leverage and activational
activities. The college football bowl game is sponsored by an established brand, which spent months promoting the event. Our models only investigated respondents after they had attended the game and had been exposed to the activations at the event. It is probable that attitudes towards the sponsor and the event had been well established before the event occurred. Future research should look to measure brand attitudes at the time the sponsorship is announced and before leveraging has started. The at-announcement brand and property attitudes can then be compared to post-event attitudes to determine the impact of leverage and activations.

We were able to confirm that there is an ordered attitudinal reaction to sponsorship. We showed that, in the case of a corporate sponsorship at least, that brand affect is a mediator to brand cognition and brand conation. As we discussed earlier, there has been debate among scholars whether the order of the attitudinal constructs is constant; that the level of the person’s involvement with the brand would dictate the order in which attitudes are formed (Vaugh 1980; Rothschild and Gaidis 1981; Smith and Swinyard 1982). For this study, we found a high level of involvement among the attendees, the sponsored property, and the sponsor. Perhaps future studies could investigate whether sponsorship of events with lower level of attendees’ involvement would produce similar results.

We found two competing SEM models that produced the same fit indices – the dual mediating role of affect and the reciprocal mediating role of affect. Neither model is inconsistent with our overarching theory of balance theory. In formulating our hypotheses, we assumed that the targeted consumer’s stronger relationship was with the
sponsored property rather than with the sponsor’s brand. The reason organizations choose to sponsor a property is to transfer the strong attitudes for the property to the brand, hence navigating the consumer to achieve balance in the sponsor, sponsored property, fan relationship. Thus, the dual mediating model, found by MacKenzie et al. (1986) to be the better fitting model in the attitude towards the ad study, was the foundation of our hypotheses. Nevertheless, the relationship between sponsor and property can, at times, be reversed. There are occasions when a property solicits a sponsor to lend credibility and prestige to an event. Consider a local art event, in their attempt to find sponsors, landed a major corporate sponsor with high brand equity. It could very well be that, because of the stronger relationship for some attendees with the sponsor’s brand, that the attendee’s relationship with the property will become balanced because of the sponsor’s involvement. Therefore, the reciprocal mediation model makes intuitive sense. In our study, the event’s sponsor has very strong brand equity and may be the reason why both models fit the data. As pointed out in the results section, there was no contradiction to the hypotheses and we found support for the causal relationship of brand affect driving affect for the sponsored property.
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Sponsorship ROI

David K. Nickell
Georgia State University
Introduction

In the past, scholars have lamented the lack of academic work in corporate sponsorships (e.g., Grimes and Meenaghan 1998; McDaniel 1999; Miyazaki and Morgan 2001), but over the last decade, the amount of scholarly publications in sponsorships has grown proportionately to the growth of sponsorships themselves (Cornwell, Weeks et al. 2005). The majority of sponsorship research has been devoted to such subjects as the attendees and viewers of sponsored events, the marketing objectives of the sponsors, and the fit between sponsor and event (Walliser 2003; Cunningham, Cornwell et al. 2009). Yet little of this research has looked at modeling and quantifying the financial impact that companies gain from sponsoring an event (Harvey, Gray et al. 2006). In fact, many companies struggle with determining any meaningful measure of their sponsorship’s effectiveness (Sneath, Finney et al. 2006; Martensen, Gronholdt et al. 2007). As a result, companies’ ability to predict success or determine whether a sponsored property even influenced consumers is extremely limited (Lardinoit and Derbaix 2001; Gwinner and Swanson 2003; Weeks, Cornwell et al. 2006; Alexandris, Tsousi et al. 2007).

The purpose of this paper is to present a methodology to quantify the financial impact of an event sponsorship for the sponsoring firm. The financial impact of sponsorship is captured in the increased number of new customers for the sponsoring firm and the influence the sponsorship has on customer lifetime value. We use Ajzen and Fishbein’s (1980) theory of reasoned action to argue that the context of measuring new customers can be captured by measuring the change in consumer attitudes resulting from the sponsorship.
Theory Development

The Theory of Reasoned Action

The theory of reasoned action suggests that consumers reflect upon their beliefs and attitudes before acting (Ajzen and Fishbein 1980). Thus, an individual considers the consequences of alternative actions and ultimately selects the best course based upon preexisting beliefs and attitudes specific to the individual (Breckler 1984). Bentler and Speckart (1981) argued that people’s attitudes drive their behaviors. Extending this line of reasoning to marketing, we find that changing attitudes within a product category are a leading indicator of changing behaviors toward a brand – either leading to increased loyalty or a change to another brand (Peter and Olson 1993). In fact, the theory has been found to be a good predictor of consumer buying behavior (Sheppard, Hartwick and Warshaw 1988).

There has been a large amount of consumer behavior research based upon the theory of reasoned action (Brugha 1999). Oliver (1997) proposed that attitudes toward the brand should be broken out into three components – cognition, affect, and conation. In their study of advertising effectiveness, Beerli and Santana (1999) tested numerous means to evaluate messaging and found that examining the impact on consumers’ cognitive, affective, and conative attitudes was the most successful. These scholars echoed the findings of social psychologists, concluding that a person’s considered behavior is a reflection of their attitudes, and that these attitudinal responses are represented by cognition, affect, and conation (Bagozzi, 1978; Breckler, 1984; Holbrook
and Batra, 1987). Cognition is used to represent the “thinking” response to the stimulus (Vakratsas and Ambler 1999), in essence the rational or mental state (Barry 1987), and is typically measured through a respondent’s awareness or knowledge of the stimulus (Smith and Swinyard 1982). Affect characterizes the “feeling” response (Vakratsas and Ambler 1999) and the emotional connection to the stimulus (Bagozzi 1978). Conation, also described as behavior, is the respondent’s action or intended action to buy (Eagly and Chaiken 1993).

Several researchers have found evidence that there is a direct causal relationship from affect to conation (Ryan and Bonfield, 1975). Moreover, there is conceptual and empirical work supporting that affect mediates the relationship between cognition and conation (MacKenzie, Lutz, and Belch 1986) as shown in figure 1. For a sponsor to increase an individual’s likelihood of becoming a buyer, the firm must improve the consumer’s cognitive and affective attitudes toward itself. Hence, from the theory of reasoned action, it is from this attitudinal triad of cognition, affect, and conation that we present our methodology for predicting future buyers for firms utilizing sponsorship.

Figure 1: The Attitudinal Triad

Cognition → Affect → Conation

The Impact of Sponsorship on Attitudes: Hypotheses Development

The theory of reasoned action leads to a set of hypotheses regarding the influence that sponsorship can have on buyer attitudes. As is often the case with large corporate
sponsorships, the targeted audience is not only the event attendees but also the television viewing audience of the event. We derived a set of hypotheses regarding the influence of sponsorships on the attitudes of consumers who either attend the sponsored event or view the event on television.

Sponsorship activations. Free Home Depot t-shirts at the race, free Coca-Cola soft drinks at the concert, balloons with NCR printed on them, and talking with the Visa representative about credit cards – these are all examples of sponsorship activations. Activations allow the sponsor to interact with attendees at an event with the intent to improve buyers’ attitudes toward the firm, thus improving the likelihood of purchase (Weeks et al. 2008). Companies view the sponsorship as means to attain its marketing goals by leveraging consumers’ participation with the sponsored property. Typically, activations take place at the event where the sponsorship occurs and consequently allow firms an efficient manner to connect with potential buyers (Meenaghan 1998; Lyberger and McCarthy 2001). With this opportunity to interact and involve their brands and products with consumers, the company anticipates that the positive attitudes that attendees have for the sponsored property will transfer to the sponsor (Meenaghan 1991; Gwinner 1997; McDaniel 1999; Woodside, Summers et al. 2006).

H1: Event attendees’ cognition level of the sponsor’s brand will be higher than non-attendees after the event.

H2: Event attendees’ level of affect for the sponsor’s brand will be higher than non-attendees after the event.

7 Sponsored property can refer to an event, a team, an individual, or even a cause or idea.
H₃: Event attendees’ conation level for the sponsor’s brand will be higher than non-attendees after the event.

Sponsorship Leverage. When the advertisement announces “proud sponsor of the 2008 Olympic games,” the sponsor has just identified itself with the sponsored property and has leveraged that relationship. Leveraging a sponsorship allows the firm to associate itself with the sponsored property by means of its marketing communications (Polonsky & Speed 2001; Weeks, Cornwell and Drennan 2008).

Rarely does the television audience for an event have an opportunity to participate with the sponsor’s activations. There are instances where some sponsors attempt to involve televisions viewers with the event by asking these viewers to text message responses and go online, or by presenting opportunities to win prizes. Yet the level of interaction between the consumer and the sponsor are almost always greater for the attendee than for the viewer. While the sponsor cannot interact with television audiences as much as with attendees, the sponsor still associates itself with the sponsored property, albeit in a more passive way.

H₄: Television viewers’ cognition level of the sponsor will increase but less than for the attendees.

H₅: Television viewers’ level of affect for the sponsor will increase but less than for the attendees.

H₆: Television viewers’ conation level for the sponsor will increase but less than for the attendees.
**Operationalizing the Attitudinal Triad**

In 1961, Lavidge and Steiner introduced a framework outlining a series of stages through which buyers progress before they purchase. Later referred to as the hierarchy of effects (Palda 1966), it was with this framework that the attitudinal triad was first introduced into the advertising literature (Barry 1987). As illustrated in figure 2, Lavidge and Steiner (1961) break out each attitudinal construct into two components: cognition into awareness and knowledge, affect into liking and preference, and conation into conviction and purchase. Awareness, a common measure of advertising effectiveness, suggests a recognition that the product exists; knowledge is an understanding of how the product is to be used; liking is whether the product is seen favorably; preference denotes that the product is considered the best alternative by the prospective buyer; conviction represents the intent to purchase; and purchase is the point where the product is actually bought (Lavidge and Steiner 1961).

*Figure 2: Hierarchy of Effects*
Several scholars have incorporated the hierarchy of effects framework into their analysis of sponsorship (e.g. Crompton 1996; Tripodi 2001; Poon and Prendergast 2006; Pritchard, Funk, et al 2006; Woo, Fock, and Hui 2006). Yet there has been much debate about the efficacy of the hierarchy of effects (see Weibacher 2001 and Barry 2002). After reviewing more than 200 sources, Vakratsas and Ambler (1999) found scant empirical evidence that one ordered hierarchy exists. Ray (1973) and Vaughn (1980) have argued that the arrangement of the hierarchy varies and that, depending on the specific consumer situation, different orders of the stages are in play. It is possible to imagine a scenario where consumers are aware of and like a company such as Aflac but cannot describe what Aflac does, thus skipping the knowledge stage. Furthermore, a consumer could prefer American Airlines but not like them – the airline is simply seen as the best option of poor choices – thereby jumping from knowledge to preference. Weibacher (2001) echoed this finding arguing that there is no one set sequencing, and Barry (2002), a staunch defender of the hierarchy of effects framework, did not refute this concern. Nevertheless, Barry (2002) argues that this framework is rational and serves as a logical guideline. He further asserts that the primary point “lies in the complexities of the measurement process to understand how people process information, form attitudes, and behave as a direct result of that information processed and those attitudes formed” (p. 45).

For the purposes in this paper, the ordering of the hierarchy stages is not important. Nonetheless, the hierarchy-of-effects framework does allow us to operationalize the attitudinal triad with its constructs of awareness, knowledge, liking,
preference, conviction, and purchase. We suggest that it is possible to capture the changes in each construct of the hierarchy of effects through survey-based research conducted over different time periods.

**Computing Sponsorship ROI**

For decades, CEOs have persistently urged their Chief Marketing Officers to provide a financial accounting of their marketing activities (Briggs et al. 2005; Mizik and Jacobson 2008), and that demand has only intensified during the economic recession of 2008-2009. Moreover, the Marketing Science Institute has prioritized the need for better marketing accountability, marketing metrics, and assessment of marketing productivity (MSI, 2008). This need for metrics certainly includes sponsorship, as one of the major issues that firms face regarding their sponsorship investment is the lack of information regarding its impact on the bottom-line (Crompton 2004; Currie 2004).

Firms that attempt to measure the effects of sponsorship often rely on counting the number of impressions of the sponsor’s logo and the times the company is mentioned during media coverage of the event (Olson and Mathias Thjømøe 2009). These exposures are then translated into comparable advertising placements and then the equivalent advertising rates are used to determine the value of the sponsorship (Cornwell et al. 2005; Crimmins and Horn 1996; Crompton 2004; Harvey 2001; Meenaghan 2001).

As Olson and Mathias Thjømøe (2009) point out, this approach lacks any empirical verification, thus making any statement of financial return suspect. In their paper, these authors used an approach that attempts to verify the use of these impressions quantitatively by incorporating simulation and experimental design to get at an accurate
conversion rate between sponsorship impressions and advertising (Olson and Mathias Thjomoe 2009). Our approach in determining sponsorship value is radically different. We do not measure the sponsorship directly, but rather measure the attitudes of comparable consumers attending the event versus those who do not. We also capture their purchase rates, and average dollar spent with the sponsor. We then use the difference in attitudes, incorporating the hierarchy of effects framework, to predict the likelihood that the consumer will become a future customer.

Thus, from the hierarchy-of-effect framework, we can construct a logistic regression equation to predict the probability of an attendee becoming a future buyer by incorporating its constructs of awareness and knowledge, representing the consumer’s cognition; and liking and preference, for affect. The equation we use to determine the probability of a consumer becoming a buyer is shown with equation 1.

Equation 1:

$$\hat{p}_{Pui} = \frac{e^{(\beta_A X_A + \beta_K X_K + \beta_L X_L + \beta_{Pr} X_{Pr} + \beta_0 X_0)}}{1 + e^{(\beta_A X_A + \beta_K X_K + \beta_L X_L + \beta_{Pr} X_{Pr} + \beta_0 X_0)}}$$

Where:

- $A =$ the consumer’s level of awareness of the sponsor’s product(s)
- $K =$ the consumer’s level of knowledge of the sponsor’s product(s)
- $L =$ the consumer’s level of liking of the sponsor’s product(s)
- $Pr =$ the consumer’s level of preference of the sponsor’s product(s)
- $\hat{p}_{Pui} =$ the probability of consumer i becoming a future buyer.

Equation 1 does not depend on a linear progression from awareness to purchase. We only use the constructs from the hierarchy of effects framework to represent the attitudinal triad of cognition, affect, and conation.
To predict the change in the probability of the attendees becoming buyers of the sponsor’s product, we must first determine the percentage of similar persons who have not been exposed to the event but yet are currently customers. The non-attendees, selected from the general population\(^8\), represents the base case from which we establish the slopes for the logistic regression. In essence, we are asserting that when we measure the brand attitudes of the general public and know the number of them who are buyers, we can predict, based on the brand attitudes after the event, the number of future buyers. This is premised on the hierarchy of effects framework, where more developed brand attitudes suggest a greater likelihood of brand purchase. We apply the slopes for the attitudinal constructs derived from the general public for the logistic regression model from equation 1 to determine the number of future buyers. As attendees of the sponsored event move through the hierarchy, the probability that they will become buyers increases.

For example, suppose that we find that 20% of the general population, with no exposure to the sponsor’s activations at the event, are current customers and we know their attitudes towards the brand by determining the level of awareness, knowledge, liking, preference, conviction, and current customers (purchase). To calculate the number of total customers resulting from the sponsorship, we sum the probability of each respondent becoming a customer from equation 1, divide that sum by the number of respondents, and then subtract the percentage who are already customers. If we determined that 45% of respondents are likely customers after the sponsorship, we would subtract the 20% who are existing customers (as determined from the pre-game study)\(^8\).

---

\(^8\) We do not compare attendees before the event with attendees after the event because the before attendees group had been exposed to pre-event leveraging and thus have already received partial treatment.
and find that 25% of the attendees are predicted to become customers based on their changed attitudes resulting from attending the sponsored event.

Thus, the number of new buyers would be calculated by:

Equation 2:

\[
\text{new buyers} = \left( \frac{\sum_{j=1}^{m} \hat{p}_{uj}}{m} - \frac{\sum_{i=1}^{l} p_{ui}}{l} \right)
\]

Where,

\( l \) = the number of respondents before the event

\( m \) = the number of respondents after the event

\( p_{ui} \) = existing buyers before the event

\( \hat{p}_{uj} \) = predicted future buyers after the event

Therefore, the results will not only demonstrate a sponsorship’s impact on consumers’ attitudes, but we can also predict the number of new buyers.

As a very simplistic example, assume that respondents before the event who show awareness, knowledge, and preference for BRAND X are also buyers. The model would have \( A=5.8, K=5.2, L=3.2, Pr=2.8, C=5.0 \) – the average rating from the likert scales for each construct. Therefore, the expectation is that the after event consumers who show similar attitudes for BRAND X (\( A=5.8, K=5.2, L=3.2, Pr=2.8, C=5.0 \)) will become future buyers if they are not buyers already.

**Customer Lifetime Value**

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9 To illustrate the point easily, we take the average score for the construct from the likert scales. As we discuss later, we measure each of the attitudinal constructs in varying degrees.
As discussed, the outcome of a sponsorship should be the improved attitudes of the event attendees/viewers towards the brand. As a result, we expect to see a number of new buyers of the brand. Yet, in order to begin determining the sponsorship’s return on investment, we need to establish the value each new customer brings to the firm. We need to calculate the customer lifetime value for these new buyers.

The concept of customer lifetime value (CLV) has been adopted by most practitioners and academics (Jain and Singh 2002). Both groups have traditionally believed, with some exceptions, that long-standing customers are the most profitable. This belief is rooted in the understanding that loyal customers provide referrals, increase their spending over time, are willing to pay a premium, and cost less to serve (Reichheld and Teal 1996). Within the past ten to fifteen years, companies have come to realize the importance of loyal customers. Before then, the company saw its customer transactions as isolated occurrences, with little appreciation for the lifetime of transactions customers could provide. The organization’s search for greater profits was product-centric and tended to look past customers and toward its products, costs, and competition only (Jain and Singh 2002).

Today, as companies are becoming more focused on customers, the concept of customer lifetime value has taken hold. The organization views its customer relationships as the summation of all transactions between itself and its customers over the customer’s entire tenure with the firm.\(^{10}\) Through this customer-centric lens, the organization views the buyers of the firm’s products as assets and, as a result, the

---

\(^{10}\) There is some disagreement in the CLV literature concerning the use of the customer’s entire tenure with the firm. For example, Venkatesan & Kumar (2004) recommend limiting the projections to three years, fearing that beyond that time frame, CLV become less meaningful.
organization’s emphasis is on customer acquisition and customer retention (Thomas, 1997). We see customer-centricity manifested in the use of customer relationship management (CRM) systems employed by companies today. The aim of these CRM initiatives is to increase the frequency of purchase, and the amount spent on the firm’s products, along with increasing the length of time the buyer remains a customer. With the emphasis on CRM, it becomes vital that companies understand CLV.

Customer lifetime value (CLV) is a financial metric that represents the net profit (or loss) of all customer transactions throughout the life of the buyer’s relationship with the firm. There have been several scholars who have calculated CLV equations (Berger & Nasr, 1998; Berger, et al., 2002; Berger & Bechwati, 2001; Blattberg & Deighton, 1996; Bolton, Lemon & Verhoef, 2004; Libai, Narayandas & Humby, 2002; Reinartz & Kumar, 2000; Reinartz & Kumar, 2003; Rust, Zeithaml & Lemon, 2004; Venkatesan & Kumar 2004). These CLV equations have usually included a forecasted contribution margin, some form of expected churn/retention rate, and the marketing costs used to acquire and support the customer, all discounted for the time value of money over a period of time.

Consider Venkatesan’s & Kumar’s (2004) conceptual model for CLV:

Equation 3:

\[
CLV_i = \sum_{t=1}^{n} \frac{(\text{contribution margin}_{it} - \text{acquisition cost})}{(1 + r)^t}
\]

where,

\[i = \text{customer index},\]

\[t = \text{time index},\]

\[n = \text{expected number of periods of customer tenure, and}\]
r = discount rate.

Their equation consists of the elements that define customer value to the firm: contribution margin, retention rate, acquisition costs, and discounting. The underlying assumption to the Venkatesan & Kumar (2004) model (equation 3) is that these factors remain constant. Other CLV calculations account for varying cash flows, retention rates, and costs (for a review and comparison of CLV equations and applications, see Borle, Singh & Jain, 2008). For the purposes of this paper, our choice of CLV calculation is agnostic and should depend on the methodology most appropriate for the sponsoring company. What is important, however, is that CLV is used to value the new customers generated through the sponsorship.

Furthermore, our expectations of a sponsorship should not only be an increase in the number of new buyers, but also an increase in the customer lifetime value of existing customers. Again, consider the CLV formula from equation 3; specifically contribution margin. Contribution margin is the difference between revenue obtained from the customer and the variable cost to serve the customer. Focusing on the revenue portion of contribution margin, revenue can be derived by multiplying the number of purchases in time t by the average spend during time t (equation 4).

Equation 4:

\[ Revenue_t = \sum_{i=1}^{t} purchases_i \times spend_i \]

Law, Hui, and Zhao (2004) found that advertising drives an increase in both frequency of purchase and the average amount spent. Moreover, sponsorship is a type of marketing
communications (Poon and Prendergast 2007), therefore it is logical to hypothesize that sponsorship also drives an increase in both frequency of purchase and the average amount spent.

\( H_7 \): Attendees’ purchase frequency of the sponsor’s brand will increase.

\( H_8 \): Attendees’ average spend on the sponsor’s brand will increase.

\( H_9 \): Television viewers’ purchase frequency of the sponsor’s brand will increase but will be less than for the attendees.

\( H_{10} \): Television viewers’ average spend on the sponsor’s brand will increase but will be less than for the attendees.

**Sponsorship ROI**

We have shown how to calculate the number of new buyers expected from a sponsored event, the need to value these new buyers through CLV, and presented an argument that the revenue generated from existing customers will increase. Applying the increased revenue derived from existing customers to CLV, we will see an increase in their lifetime value. The last remaining component needed to determine the ROI is the total cost of the sponsorship.

The cost to sponsor an event is much more than the rights fee; it also includes the costs for leveraging and activation marketing (Poon and Prendergast 2007). Because of issues like exclusivity and increasing rights fees (Gardner and Shuman 1987) and sponsorship management costs (Sandler and Shani, 1989), the price a company pays to sponsor an event is increasingly burdensome. Some estimates have stated that 22% of a firm’s marketing communication dollars are allocated to sponsorship-linked marketing
(Sneath, Finney et al. 2006). Because of its rapid growth (Cunningham, Cornwell et al. 2009) and the competitiveness of organizations to sponsor premier events, global spending on sponsorships has reached $43.4 billion USD (IEG 2008). However, this amount only includes the sponsorship rights fees; it does not include the monies spent outside the contract – the leveraging activities. Sponsors average $1.90 on leverage and activations for every dollar spent on tights fees (IEG 2007). When combining the rights fees and leveraging costs, the total amount spent on sponsorships comes to $125 billion USD. Consequently, when sponsoring firms want to determine their sponsorship ROI, they must ensure that all the costs incurred are accounted for.

Combining the calculations for new buyers and CLV with the total cost of sponsorship leads to equation 5. Hence,

\[
\text{Equation 5:} \\
\text{sponsorship ROI} = \frac{\text{(new buyers)}(CLV_3) + (\text{existing customers})(CLV_2 - CLV_1)}{\text{total cost of sponsorship}} - 1
\]

where

- \( CLV_1 \) = average customer lifetime value of an existing customer before the event
- \( CLV_2 \) = average customer lifetime value of an existing customer after the event
- \( CLV_3 \) = average customer lifetime value of a newly acquired customer

As can be seen from equation 5, we multiplied the number of predicted new buyers by the customer lifetime value of an average new customer to create the value to the firm of these newly acquired customers. We then calculated the change in average CLV for existing customers and multiplied it with the number of existing customers. Combining
the values of the new and existing customers gives the value generated by the sponsorship to the firm. The ROI of the sponsorship is found by dividing the value generated by the total costs.

Therefore, by applying customer lifetime value and the consumer attitudinal triad to corporate sponsorship, the return on investment can be determined.

**Methodology**

To test whether the proposed formulas are valid to measure sponsorship ROI, we conducted research regarding attitudes and behavior for a sponsor of a major NCAA college football bowl game. We collected data over six different waves of research as shown in Table 1.

**Table 1**

_The Six Research Waves of the Study_

<table>
<thead>
<tr>
<th>Research Wave</th>
<th>Description of Group</th>
<th>Time Period of Study</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>General population</td>
<td>before the event (surveyed the week prior to the event)</td>
</tr>
<tr>
<td>2</td>
<td>Event Attendees</td>
<td>before the event (surveyed same day as event but before it begins)</td>
</tr>
<tr>
<td>3</td>
<td>General population (no exposure to event)</td>
<td>after the event (surveyed during the 1st week after the event)</td>
</tr>
<tr>
<td>4</td>
<td>General population (exposed to event through television)</td>
<td>after the event (surveyed during the 1st week after the event – a subset of the general population)</td>
</tr>
<tr>
<td>5</td>
<td>Event Attendees</td>
<td>after the event (surveyed during the 1st week after the event)</td>
</tr>
</tbody>
</table>
All but the second phase of the research was gathered through the online survey site Zoomerang (http://www.zoomerang.com/). The sample we used for phases 1, 3, and 4 was purchased from Zoomerang’s online panel. Any incentives paid to the respondents were awarded by Zoomerang. We screened for respondents who lived in states that are represented by NCAA football teams that are eligible to participate in the Bowl game – 13 states in all. The sponsor’s target market was consumers from these states.

Respondents from phase 1 completed the survey one to seven days before the game, while those from phases 3 and 4 responded to the questionnaire one to seven days after the game.

For phases 2, 5, and 6, a marketing research field house was hired to recruit attendees of the game before kick-off. This marketing research field house was selected because of their experience and expertise in recruiting and interviewing respondents. The firm supplied 13 qualified field researchers and a supervisor. Each of the field interviewers were trained on the specifics of the study before the event. The respondents for the second phase were asked to complete a 15-minute pencil and paper questionnaire, and were awarded a $5 gift certificate for a completed survey. The respondents for the 5th and 6th phases were asked to give their email address for a follow-up survey to be completed either within one week of the game (phase 5) or at one month after the game (phase 6). These attendees were then sent an email with a URL to the online version of the questionnaire. We again used a $5 gift certificate as incentive for completing the questionnaire. To test our models’ validity to predict future buyers, we waited one
buying cycle, in this case the four weeks for phase 6, to find whether the number of new buyers matched our forecast.

We used a quasi-experimental design for the data collection, as the populations for each of the six groups were not selected by random sample. The attendees at the game were selected through convenience sampling. The general population and television viewer respondents had volunteered to participate in an online panel before we conducted the study. The online panelists were randomly selected from the available population. Respondents from phase 1 and phase 4 represent the control group. These respondents were selected from Zoomerang’s online panel to represent the general population. The treatment groups are phases 2, 3, 5, and 6. These respondents are those who either attended the game (phase 2, 5, and 6) or viewed the game on television (phase 3). In addition, each sample is independent. In cases where a person from the same household answered multiple questionnaires, we retained the earliest response and eliminated the rest. To account for selection bias among the groups, we applied propensity score matching. Because the groups were selected through convenience samples rather than random samples, selection bias likely exists thus making comparisons between the groups problematic. Propensity score matching is a means to correct for selection bias.

*Propensity Score Matching: Evaluating Comparable Groups.* Selection bias is an issue because it compromises our ability to measure causal effects across similar groups. To determine the effects of sponsorship on consumers, we must control for differences between those who watch or attend the event against those who do not. Simply
comparing the means between groups presents a risk to the analysis as we cannot account for the differing reactions to the treatment (sponsorship) resulting from differences in the populations. For example, a reasonable assumption may be that an event’s attendees are younger, better educated, and more affluent than the general population. Those with more disposable income or less life experience may react to the stimulus differently than older, fixed income consumers. Propensity score matching (PSM) has become a common means to address these types of selection bias issues (Caliendo and Kopeinig 2008).

The central premise of PSM is to isolate of group of individuals among those who did not receive treatment and compare them to the treatment group based upon pretreatment or exogenous variables (Rosenbaum and Rubin 1983). To extend the above example, we want to identify younger, better educated, and more affluent non-attendees to compare with those who did attend the game. We can therefore isolate the demographic confounds and ascribe the changes in attitudes and behavior to the sponsorship. Thus, the assumption underlying PSM is referred to as “unconfoundedness,” a selection of cases based on “observable or conditional independence” (Caliendo and Kopeinig 2008). PSM should only be applied when there is large enough sample and a sufficient number of exogenous variables for matched selection to occur (Blundell, Dearden, and Sianesi 2005).

The first step is to define the exogenous variables that will comprise the propensity score. For example, assume that we use demographic variables as the independent, exogenous variables to create the propensity scores. To compare a non-randomly selected control and test group, we would first run a logistic regression on the demographic variables of the test group members. The dependent variable, or what we
are looking to determine, is the \textit{propensity} of a person in the control group having similar characteristics to a person in the test group. The equation we used to determine the propensity scores is given in equation 6.

\begin{equation}
\ln\left(\frac{\hat{p}}{1-\hat{p}}\right) = (B_1X_1 + B_2X_2 + \cdots + B_nX_n)
\end{equation}

where:

\begin{itemize}
\item \(n\) = the number of exogenous variables used to determine the propensity score
\item \(X_1\) = exogenous variable 1
\item \(X_2\) = exogenous variable 2
\item propensity score = \(\ln\left(\frac{\hat{p}}{1-\hat{p}}\right)\)
\end{itemize}

Using the slopes derived from this equation, we use the variables from the control group to determine the subset(s) that are appropriate to compare to the game’s viewers. The comparable subsets are to be determined by stratification matching of each group’s propensity scores. For example, assume that the propensity scores range from 0 – 100. We could stratify each group into three groups (i.e. 0 – 33, 34 – 67, etc.) and compare the subsets of the test and control group that fall in the first group (as these respondents have similar demographics), the second, and the third.

\textit{Instrumentation.} Attitudes towards the brand were captured through a self-administered questionnaire developed for this study. It contained Likert scale statements regarding the participants’ awareness, knowledge, liking, preference, conviction, and
purchase of the sponsor’s brand and also of a different yet plausible sponsor of the event (Johar et al. 2006). We asked respondents to rate each Likert scale statement on a scale of 1 (totally disagree) to 6 (totally agree). In addition, we asked about purchasing habits for the sponsoring brand, such as average amount spent and frequency of purchase.

Questions were also asked about the level of involvement respondents had with the teams participating at the event. The participants also rated the involvement statements from 1 to 6 on a Likert type scale. Three versions of the questionnaire were developed, with two tailored to the team the respondent supported (based on an initial question from the interviewer), and a third questionnaire was generic for the few respondents who favored neither team. The complete questionnaire is shown in Appendix 1 of this manuscript.

Questionnaire Pre-test. The survey instrument was pre-tested initially with attendees of a NASCAR race. Around 80% of the initial questionnaire used a 7-point Likert scale. The Likert scale items used were end-defined scales, as naming each scale category can skew the resulting outputs (Cummins and Gullone 2000). The questions comprising the constructs of awareness, knowledge, liking, preference, conviction, and purchase are shown in table 2. We found from the first pre-test that several persons selected the median score of 4 for all responses. For those that did respond, we found acceptable alphas for all constructs, and thus satisfied with the questions themselves.

Our second pre-test was conducted with undergraduate students at a major metropolitan university. The purpose of this pre-test was to assess three different types
of Likert scales – a 6-category scale, a 6-category scale with a non-response option, and a 7-category scale. Lozano, Cueto, and Muñiz (2008) found that the best number of categories for a Likert-type scale is between four and seven. Yet these same authors earlier stated that “respondents prefer formats with a larger number of response alternatives, as this permits them to more clearly express their point of view” (Lozano, Cueto, and Muñiz 2008). Therefore, we limited our tests to six and seven category scales. We used the same questions for each scale in the second pre-test as we used in the first pre-test. After accounting for the different scales, we found no significant difference between survey items, allowing us to choose any of the three scale options. Based on our experience with the first pre-test, we chose the 6-point Likert scale because of concerns that respondents would either select all no response or all 4s on the 7-point scale. Dixon et al. (1984) used a 6-point Likert scale and discovered that end-defined scales did not bias the results significantly.

Validity and reliability. To reduce the number of variables used to measure brand attitudes and to obtain unidimensional scales, we used factor analysis to establish whether the items used to measure respondent attitudes regarding conviction loaded on only one factor. We applied the same technique for affect and conation. Principal components analysis was used with a varimax rotation. Thus, for conviction, we tested for underlying structure of the items comprising the latent variables of awareness and knowledge; for affect we tested liking and preference, and for conation, conviction and purchase were tested. The criterion used to select factors was an eigenvalue exceeding 1.0 (Netemeyer
et al. 2003). Scale reliability was determined by applying Cronbach’s alpha. As shown in Table 2, average variances extracted for each attitudinal construct ranged from 59.4 – 76.4% and the Cronbach’s alphas ranged from 0.821 – 0.916. From these results, we find initial evidence for convergent validity as the three factors accounted for an average of 70.4% of each item’s variance (Kline 1998).

Table 2

Factor Reliabilities and Average Variance Extracted for the Measurement Model

<table>
<thead>
<tr>
<th>Item</th>
<th>Average Variance Extracted</th>
<th>Cronbach's α</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conviction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. I know what Brand X is</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. I can recognize Brand X Products among competing brands</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. I know enough about Brand X to explain it to someone who has never chosen the product before</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. I have difficulty in imagining Brand X in my mind (R)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. I can quickly recall the symbol or logo Brand X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affect</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. I like Brand X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. I have a very favorable view of Brand X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Brand X would be my first choice in this product category</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. I would not choose another product if Brand X is available</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. I would recommend Brand X to friends</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. I frequently use Brand X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. I will use Brand X within the next month</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. I have rarely used Brand X products over the last year (R)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Purchased Brand X in the past month?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
We used participants’ attitudes towards a plausible sponsor of the event as a means to enhance internal validity. We compared attitudes towards the plausible sponsor between group 1 (general population before the event) and group 4 (general population before the event). Additionally, we compared the attitudes among group 2 (attendees before the event), group 5 (attendees within one week after the event), and group 6 (attendees one month after the event). We found no significant differences in attitudes toward the control brand between groups 1 and 4 ($p > 0.05$), nor did we find significant differences among groups 2, 5, and 6 ($p > 0.05$). Therefore, we conclude that no outside phenomenon influenced the results to either the general population or the event attendees.

Results

The breakdown of the sample from each wave of research is shown in table 3. After reviewing the differences in the sample, the differences among groups became evident. Television viewers fell between attendees and the general population on income and education but skewed higher on age and percentage male. The percentage of television viewers who are male is 71.2% while the remaining groups slant slightly male. The average age of attendees was 36.0, and for respondents from the general public the average was 42.2. Average income for attendees was $81,568 while the general public was at $57,199. The percentage of college graduates for attendees and the general public was 59.3% and 37.5%, respectively. Thus, event attendees were younger, better educated, and had higher incomes than the general population. Because of these
differences, a direct comparison among groups is imprudent. To compensate for the response bias, we applied propensity score matching to compensate for the differences among groups.
Table 3

Respondent Demographic Characteristics

<table>
<thead>
<tr>
<th></th>
<th>n</th>
<th>% male</th>
<th>average age</th>
<th>average HH income</th>
<th>% college grad</th>
</tr>
</thead>
<tbody>
<tr>
<td>general public - before event</td>
<td>212</td>
<td>49.5</td>
<td>44.8</td>
<td>$56,715</td>
<td>34.0</td>
</tr>
<tr>
<td>attendees - before event</td>
<td>374</td>
<td>50.0</td>
<td>36.7</td>
<td>$80,558</td>
<td>57.7</td>
</tr>
<tr>
<td>TV viewers - after event</td>
<td>87</td>
<td>71.2</td>
<td>47.0</td>
<td>$64,452</td>
<td>43.9</td>
</tr>
<tr>
<td>general public - after event</td>
<td>295</td>
<td>52.5</td>
<td>40.3</td>
<td>$57,547</td>
<td>40.0</td>
</tr>
<tr>
<td>attendees - 1 week after event</td>
<td>77</td>
<td>52.2</td>
<td>32.4</td>
<td>$85,367</td>
<td>65.2</td>
</tr>
<tr>
<td>attendees - 1 month after event</td>
<td>106</td>
<td>57.3</td>
<td>35.9</td>
<td>$82,371</td>
<td>60.5</td>
</tr>
</tbody>
</table>

Propensity Score Matching. The propensity scores were defined around the characteristics of an event attendee. We applied logistic regression to determine which of the exogenous variables\(^{11}\) were predictors of event attendance. The results of the propensity score model indicated that there were four predictors of event attendance that distinguished between attendance and non-attendance: marital status, education, age, and household income (-2 Log Likelihood = 1231.928, \(\chi^2(4) = 205.006, p < .001\)). The regression coefficients are presented in Table 4.

\(^{11}\) for this study, we used the demographic responses
Table 4

Propensity Score Regression Coefficients

<table>
<thead>
<tr>
<th></th>
<th>B</th>
<th>Wald</th>
<th>df</th>
<th>p</th>
<th>Odds Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>marital_status</td>
<td>-.705</td>
<td>24.156</td>
<td>1</td>
<td>.000</td>
<td>.494</td>
</tr>
<tr>
<td>education</td>
<td>.241</td>
<td>18.554</td>
<td>1</td>
<td>.000</td>
<td>1.272</td>
</tr>
<tr>
<td>age</td>
<td>-.365</td>
<td>42.420</td>
<td>1</td>
<td>.000</td>
<td>.694</td>
</tr>
<tr>
<td>HH_income</td>
<td>.288</td>
<td>62.724</td>
<td>1</td>
<td>.000</td>
<td>1.334</td>
</tr>
<tr>
<td>Constant</td>
<td>.221</td>
<td>.579</td>
<td>1</td>
<td>.447</td>
<td>1.247</td>
</tr>
</tbody>
</table>

The respondents were grouped into three equal groups based upon their propensity scores, which allows for comparisons among respondents with similar demographics.

The first group of respondents (PSM1) was those whose demographic characteristics differed the most from the event attendees and the third group (PSM3) looked most like attendees. The breakout by wave of research is shown in table 5. All subsequent hypotheses testing was conducted for each propensity group.

Table 5

Number of respondents from each wave of research grouped by propensity score

<table>
<thead>
<tr>
<th></th>
<th>PSM 1</th>
<th>PSM 2</th>
<th>PSM 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>general public - before event</td>
<td>116</td>
<td>61</td>
<td>27</td>
</tr>
<tr>
<td>attendees - before event</td>
<td>31</td>
<td>118</td>
<td>197</td>
</tr>
<tr>
<td>TV viewers - after event</td>
<td>41</td>
<td>24</td>
<td>8</td>
</tr>
<tr>
<td>general public - after event</td>
<td>137</td>
<td>81</td>
<td>44</td>
</tr>
<tr>
<td>attendees - 1 week after event</td>
<td>9</td>
<td>26</td>
<td>31</td>
</tr>
<tr>
<td>attendees - 1 month after event</td>
<td>9</td>
<td>33</td>
<td>36</td>
</tr>
</tbody>
</table>

* note that not all respondents were grouped in a PSM range due to lack of demographic data
Hypotheses Results. A summary of the hypotheses results are presented in table 19. The first six hypotheses address whether event attendees have more favorable brand attitudes than those who did not attend the event.

The first hypothesis states that event attendees’ cognition level of the sponsor’s brand will be higher than non attendees. We compared the groups “attendees one week after the event” and “general public one week after the event.” Table 6 shows the results for each group broken out by their respective propensity scores. The difference between the means of attendees and general public for cognition levels was significant for each of the propensity score groupings – PSM1 ($p < 0.05$), PSM2 ($p < 0.001$), and PSM3 ($p < 0.001$). Therefore, hypothesis 1 is confirmed.

<table>
<thead>
<tr>
<th>Propensity Scores</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Std. Error Mean</th>
<th>t</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSM1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>after event - general public</td>
<td>(0.40)</td>
<td>1.06</td>
<td>0.09</td>
<td>(2.39)</td>
<td>0.018</td>
</tr>
<tr>
<td>after event - attendees (1 week)</td>
<td>0.46</td>
<td>0.65</td>
<td>0.22</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PSM2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>after event - general public</td>
<td>(0.57)</td>
<td>1.13</td>
<td>0.13</td>
<td>(5.33)</td>
<td>0.000</td>
</tr>
<tr>
<td>after event - attendees (1 week)</td>
<td>0.66</td>
<td>0.58</td>
<td>0.11</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PSM3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>after event - general public</td>
<td>(0.31)</td>
<td>1.22</td>
<td>0.19</td>
<td>(4.65)</td>
<td>0.000</td>
</tr>
<tr>
<td>after event - attendees (1 week)</td>
<td>0.73</td>
<td>0.29</td>
<td>0.05</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Hypothesis 2 proposes that event attendees’ level of affect for the sponsor’s brand will be higher than non attendees. Comparing the “attendees one week after the event”
with the “general public one week after the event,” we found support for the hypothesis.

Each propensity score stratum for the tested groups showed significant differences in their levels of affect for the brand, with PSM1, \( p < 0.05 \); PSM2, \( p < 0.001 \); PSM3, \( p < 0.001 \). Table 7 shows these results.

**Table 7**

*T-tests for Levels of Affect for Attendees and General Public after the Event by Propensity Scores*

<table>
<thead>
<tr>
<th>Propensity Scores</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Std. Error Mean</th>
<th>t</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSM1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>after event - general public</td>
<td>(0.46)</td>
<td>1.01</td>
<td>0.09</td>
<td>(2.35)</td>
<td>0.020</td>
</tr>
<tr>
<td>after event - attendees (1 week)</td>
<td>0.35</td>
<td>0.60</td>
<td>0.20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PSM2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>after event - general public</td>
<td>(0.71)</td>
<td>1.06</td>
<td>0.12</td>
<td>(6.11)</td>
<td>0.000</td>
</tr>
<tr>
<td>after event - attendees (1 week)</td>
<td>0.62</td>
<td>0.56</td>
<td>0.11</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PSM3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>after event - general public</td>
<td>(0.47)</td>
<td>1.09</td>
<td>0.17</td>
<td>(4.18)</td>
<td>0.000</td>
</tr>
<tr>
<td>after event - attendees (1 week)</td>
<td>0.46</td>
<td>0.67</td>
<td>0.12</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Hypothesis 3 states that event attendees’ conation level for the sponsor’s brand will be higher than it will be for non-attendees. As with the first two hypotheses, \( H_3 \) was supported at each of the three propensity score strata as presented in table 8 (PSM1, \( p < 0.01 \); PSM2, \( p < 0.001 \); PSM3, \( p < 0.001 \)).

**Table 8**

*T-tests for Conation Levels of Attendees and General Public after the Event by Propensity Scores*

<table>
<thead>
<tr>
<th>Propensity Scores</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Std. Error Mean</th>
<th>t</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSM1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>after event - general public</td>
<td>(0.57)</td>
<td>0.94</td>
<td>0.08</td>
<td>(3.01)</td>
<td>0.003</td>
</tr>
</tbody>
</table>
Hypotheses 4-6 addresses the impact that television viewing of the event has on brand attitudes. Hypothesis 4 suggests that television viewers’ cognition level of the sponsor will increase but less than for attendees. As shown in Table 9, we found no evidence of significant change in cognition levels between television viewers or attendees at any of the propensity score strata. Therefore, we must reject this hypothesis.

Table 9

T-tests for Cognition Levels of TV Viewers and General Public after the Event by Propensity Scores

<table>
<thead>
<tr>
<th>Propensity Scores</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Std. Error Mean</th>
<th>t</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSM1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>after event - general public</td>
<td>(0.40)</td>
<td>1.06</td>
<td>0.09</td>
<td>(1.16)</td>
<td>0.247</td>
</tr>
<tr>
<td>after event – TV viewers</td>
<td>(0.18)</td>
<td>0.90</td>
<td>0.14</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PSM2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>after event - general public</td>
<td>(0.57)</td>
<td>1.13</td>
<td>0.13</td>
<td>0.16</td>
<td>0.908</td>
</tr>
<tr>
<td>after event - TV viewers</td>
<td>(0.60)</td>
<td>1.00</td>
<td>0.21</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PSM3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>after event - general public</td>
<td>(0.31)</td>
<td>1.22</td>
<td>0.19</td>
<td>(0.49)</td>
<td>0.627</td>
</tr>
<tr>
<td>after event - TV viewers</td>
<td>(0.08)</td>
<td>1.10</td>
<td>0.39</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The fifth hypothesis examined whether television viewers’ level of affect for the sponsor will increase and whether it would be less than for the attendees. As noted in Table 10, at no level of propensity score grouping was there a significant difference in...
affect between television viewers and the general public. As a result, hypothesis 5 is not accepted.
Table 10

*T-tests for Levels of Affect of TV Viewers and General Public after the Event by Propensity Scores*

<table>
<thead>
<tr>
<th>Propensity Scores</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Std. Error Mean</th>
<th>t</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSM1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>after event - general public</td>
<td>(0.46)</td>
<td>1.01</td>
<td>0.09</td>
<td>(0.98)</td>
<td>0.331</td>
</tr>
<tr>
<td>after event – TV viewers</td>
<td>(0.28)</td>
<td>0.97</td>
<td>0.16</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PSM2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>after event - general public</td>
<td>(0.71)</td>
<td>1.06</td>
<td>0.12</td>
<td>(1.41)</td>
<td>0.163</td>
</tr>
<tr>
<td>after event – TV viewers</td>
<td>(0.37)</td>
<td>0.86</td>
<td>0.18</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PSM3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>after event - general public</td>
<td>(0.47)</td>
<td>1.09</td>
<td>0.17</td>
<td>(0.83)</td>
<td>0.412</td>
</tr>
<tr>
<td>after event – TV viewers</td>
<td>(0.12)</td>
<td>1.00</td>
<td>0.35</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Hypothesis 6 proposes that television viewers’ conation level for the sponsor will increase but to a lesser extent than for the attendees. We found a significant difference between the general public and television viewers in the first propensity score stratum ($p < 0.01$). However, no significant differences were found between the groups in the second and third strata ($p > 0.05$). Table 11 shows the results for each. Based upon the outcomes from the cognition and affect comparisons along with lack of significant differences in conation from the PSM2 and PSM3 groups, we believe it likely that the difference we found in PSM1 is anomalous – a type I error. Regardless, we can conclude that hypothesis 6 is not supported.

Table 11

*T-tests for Conation Levels of TV Viewers and General Public after the Event by Propensity Scores*
The remaining four hypotheses address the impact of sponsorship to average customer lifetime value – the effects on purchase frequency, captured through total visits, and average amount spent per visit.

Hypothesis 7 puts forth that the event attendees’ purchase frequency of the sponsor’s brand will increase. As shown in Table 12, the purchase frequency increased significantly across each propensity score strata – PSM1 \( (p < .01) \), PSM2 \( (p < .001) \), and PSM3 \( (p < .01) \). Therefore, the hypothesis that event sponsorship increases frequency purchase is supported.

Table 12

*T-tests for Purchase Frequency of Event Attendees and General Public after the Event by Propensity Scores*
Hypothesis 8 states that attendees’ average amount spent per visit on the sponsor’s brand will increase. Surprisingly, not only did spending show no significant change among the respondents in the first two propensity scored groups, but the spending amount showed an overall decrease. Moreover, PSM 3 showed a significant change in spending but in the opposite direction that we hypothesized – it was $3.98 less than the general public ($p < .01$). The results are presented in Table 13. The hypothesis is rejected.

**Table 13**

*T-tests for Average Amount Spent per Visit of Event Attendees and General Public after the Event by Propensity Scores*

<table>
<thead>
<tr>
<th></th>
<th>Mean ($$)</th>
<th>Std. Deviation</th>
<th>Std. Error Mean</th>
<th>t</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSM1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>after event - attendees (1 week)</td>
<td>8.54</td>
<td>3.71</td>
<td>1.24</td>
<td>0.94</td>
<td>0.353</td>
</tr>
<tr>
<td>after event - general public</td>
<td>7.16</td>
<td>4.06</td>
<td>0.63</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PSM2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>after event - attendees (1 week)</td>
<td>8.09</td>
<td>6.43</td>
<td>1.34</td>
<td>(0.78)</td>
<td>0.438</td>
</tr>
<tr>
<td>after event - general public</td>
<td>9.73</td>
<td>8.27</td>
<td>1.54</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PSM3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>after event - attendees (1 week)</td>
<td>6.81</td>
<td>3.58</td>
<td>0.69</td>
<td>(3.08)</td>
<td>0.004</td>
</tr>
<tr>
<td>after event - general public</td>
<td>10.79</td>
<td>5.17</td>
<td>1.19</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Hypothesis 9 proposes that television viewers’ purchase frequency of the sponsor’s brand will increase but will be less than for the attendees. While directionally, we did see an increase in the number of visits, there were no significant differences in the number of visits among the strata groups. As illustrated in table 14, PSM1 ($p > 0.05$),
PSM2 ($p > 0.05$), and PSM3 ($p > 0.05$) all failed to demonstrate meaningful change, therefore hypothesis 9 is rejected.
Table 14

T-tests for Purchase Frequency (Total Visits) of Television Viewers and General Public after the Event by Propensity Scores

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Std. Error Mean</th>
<th>t</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSM1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>after event - TV viewers</td>
<td>3.33</td>
<td>1.94</td>
<td>0.65</td>
<td>1.08</td>
<td>0.285</td>
</tr>
<tr>
<td>after event - general public</td>
<td>1.80</td>
<td>4.25</td>
<td>0.38</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PSM2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>after event - TV viewers</td>
<td>2.61</td>
<td>6.49</td>
<td>1.35</td>
<td>0.81</td>
<td>0.420</td>
</tr>
<tr>
<td>after event - general public</td>
<td>1.72</td>
<td>3.87</td>
<td>0.44</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PSM3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>after event - TV viewers</td>
<td>3.13</td>
<td>4.22</td>
<td>1.49</td>
<td>1.38</td>
<td>0.175</td>
</tr>
<tr>
<td>after event - general public</td>
<td>1.41</td>
<td>2.98</td>
<td>0.48</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The tenth hypothesis proposes that television viewers’ average spend on the sponsor’s brand will increase but will be less than for the attendees. As was the case with attendees, we found the same surprising results for the television viewers when compared to the general public. As shown in Table 15, there was no significant difference with the PSM1 group comparison ($p > 0.05$). The PSM2 group, while demonstrating no significant difference in spending per visit ($p > 0.05$), did show a decreasing spend. The PSM3 group showed a moderately significant change in spending ($p < 0.10$), but with the dollars spent decreasing rather than the hypothesized increase. Hypothesis 10 is rejected.
Table 15

*T-tests for Average Amount Spent per Visit of Television Viewers and General Public after the Event by Propensity Scores*

<table>
<thead>
<tr>
<th></th>
<th>Mean ($)</th>
<th>Std. Deviation</th>
<th>Std. Error Mean</th>
<th>t</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSM1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>after event - TV viewers</td>
<td>8.39</td>
<td>4.40</td>
<td>0.88</td>
<td>1.16</td>
<td>0.249</td>
</tr>
<tr>
<td>after event - general public</td>
<td>7.16</td>
<td>4.06</td>
<td>0.63</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PSM2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>after event - TV viewers</td>
<td>8.58</td>
<td>6.41</td>
<td>1.93</td>
<td></td>
<td></td>
</tr>
<tr>
<td>after event - general public</td>
<td>9.73</td>
<td>8.27</td>
<td>1.54</td>
<td>(0.41)</td>
<td>0.682</td>
</tr>
<tr>
<td>PSM3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>after event - TV viewers</td>
<td>5.44</td>
<td>0.70</td>
<td>0.35</td>
<td>(2.03)</td>
<td>0.055</td>
</tr>
<tr>
<td>after event - general public</td>
<td>10.79</td>
<td>5.17</td>
<td>1.19</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Validating the ROI equations.* To test and validate equation 1, we used the respondents representing the general population to establish the betas for a logistic regression model in order to predict the probabilities of event attendees becoming future customers. The model was validated by using a separate sample of respondents who stated that they purchased the sponsor’s brand within one buying cycle (in this case, four weeks) after the event.

We used logistic regression to discover the influence of the four attitudinal constructs, awareness, knowledge, liking, and preference on future buying behavior. As can be seen in Table 16, the four attitudinal variables not included in the beginning block are all significant (*p* < 0.001), suggesting that the null hypothesis be rejected.
Table 16

Logistic Regression Beginning Block for General Public Respondents before the Sponsored Event

Classification Table

<table>
<thead>
<tr>
<th></th>
<th>Predicted non-customer</th>
<th>Predicted Customer</th>
<th>Percentage Correct</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not a customer</td>
<td>125</td>
<td>0</td>
<td>100.0%</td>
</tr>
<tr>
<td>Current customer</td>
<td>83</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Overall Percentage</td>
<td></td>
<td></td>
<td>60.1%</td>
</tr>
</tbody>
</table>

Variables in the Equation

<table>
<thead>
<tr>
<th></th>
<th>B</th>
<th>Wald</th>
<th>df</th>
<th>p</th>
<th>Odds Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>-0.409</td>
<td>8.363</td>
<td>1</td>
<td>.004</td>
<td>.664</td>
</tr>
</tbody>
</table>

Variables not in the Equation

<table>
<thead>
<tr>
<th></th>
<th>Score</th>
<th>df</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>Awareness</td>
<td>27.282</td>
<td>1</td>
<td>.000</td>
</tr>
<tr>
<td>Knowledge</td>
<td>67.516</td>
<td>1</td>
<td>.000</td>
</tr>
<tr>
<td>Liking</td>
<td>55.625</td>
<td>1</td>
<td>.000</td>
</tr>
<tr>
<td>Preference</td>
<td>78.158</td>
<td>1</td>
<td>.000</td>
</tr>
<tr>
<td>Overall Statistics</td>
<td>88.932</td>
<td>4</td>
<td>.000</td>
</tr>
</tbody>
</table>

Table 17 shows the results of the logistic regression model indicating that knowledge ($p < 0.01$) and preference ($p < 0.001$) are the key predictors differentiating whether a person is a customer or not of the sponsor’s brand (-2 Log Likelihood = 172.760, $\chi^2(4) = 107.050$, $p < .001$). It is interesting to note that the more advanced stage of cognition (knowledge) and affect (preference) are the significant independent variables. As we saw in Table 16 above, each of the attitudinal variables showed significance on their own, suggesting that both cognition and affect are key in determining purchase behavior.
Table 17

*Logistic Regression Final Block for General Public Respondents before the Sponsored Event*

### Classification Table

<table>
<thead>
<tr>
<th></th>
<th>Predicted non-customer</th>
<th>Predicted Customer</th>
<th>Percentage Correct</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not a customer</td>
<td>111</td>
<td>14</td>
<td>88.8%</td>
</tr>
<tr>
<td>Current customer</td>
<td>21</td>
<td>62</td>
<td>74.7%</td>
</tr>
<tr>
<td>Overall Percentage</td>
<td></td>
<td></td>
<td>83.2%</td>
</tr>
</tbody>
</table>

### Variables in the Equation

<table>
<thead>
<tr>
<th></th>
<th>B</th>
<th>Wald</th>
<th>df</th>
<th>p</th>
<th>Odds Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>awareness</td>
<td>-.019</td>
<td>.004</td>
<td>1</td>
<td>.947</td>
<td>.981</td>
</tr>
<tr>
<td>knowledge</td>
<td>.840</td>
<td>7.199</td>
<td>1</td>
<td>.007</td>
<td>2.317</td>
</tr>
<tr>
<td>liking</td>
<td>.363</td>
<td>1.443</td>
<td>1</td>
<td>.230</td>
<td>1.438</td>
</tr>
<tr>
<td>preference</td>
<td>1.094</td>
<td>14.084</td>
<td>1</td>
<td>.000</td>
<td>2.985</td>
</tr>
<tr>
<td>Constant</td>
<td>.217</td>
<td>1.048</td>
<td>1</td>
<td>.306</td>
<td>1.242</td>
</tr>
</tbody>
</table>

Applying these betas to the respondents’ attitudes immediately after the event, we predicted that 86.4% of attendees would become customers of the sponsor’s brand. In our final wave of research, we found that 92.3% of attendees said that they bought the sponsor’s product over the four-week period after the event. As shown in Table 18 below, there was no significant difference between our predicted purchase rate and the actual purchase rate ($p > 0.05$). Moreover, when examining the purchase patterns at the propensity score strata, we again found no significant differences between the predicted and the actual purchase rates. The 92.3% purchase rate was over a fifty percentage point increase from the general population purchase rate of 39.9%. Our predictions for future behavior were accurate.
Table 18

*T-test Comparison between Predicted Behavior and Actual Behavior*

<table>
<thead>
<tr>
<th></th>
<th>Predicted new customers – Group 5</th>
<th>Actual new customers – Group 6</th>
<th>t</th>
<th>df</th>
<th>standard error of difference</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSM1</td>
<td>77.8%</td>
<td>88.9%</td>
<td>0.60</td>
<td>16</td>
<td>0.184</td>
<td>0.184</td>
</tr>
<tr>
<td>PSM2</td>
<td>84.6%</td>
<td>93.9%</td>
<td>1.17</td>
<td>57</td>
<td>0.080</td>
<td>0.080</td>
</tr>
<tr>
<td>PSM3</td>
<td>90.3%</td>
<td>91.7%</td>
<td>0.20</td>
<td>65</td>
<td>0.071</td>
<td>0.071</td>
</tr>
<tr>
<td>overall</td>
<td>86.4%</td>
<td>92.3%</td>
<td>1.15</td>
<td>142</td>
<td>0.051</td>
<td>0.051</td>
</tr>
</tbody>
</table>

Discussion

The purpose of this study was to develop a means to measure the financial impact of a corporate sponsorship. Ten hypotheses were tested that examined the influence of a sponsored event on participants’ attitudes towards the sponsor’s brand and the affect on customer purchasing behavior. The results of the hypotheses tests are presented in Table 19. We also tested and validated a logistic regression equation that accurately predicted future customers based upon the changes in brand attitudes.

Table 19

*Results of Tested Hypotheses*

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H&lt;sub&gt;1&lt;/sub&gt;: Event attendees’ cognition level of the sponsor’s brand will be higher than non attendees.</td>
<td>confirmed</td>
</tr>
<tr>
<td>H&lt;sub&gt;2&lt;/sub&gt;: Event attendees’ level of affect for the sponsor’s brand will be higher than non attendees.</td>
<td>confirmed</td>
</tr>
<tr>
<td>H&lt;sub&gt;3&lt;/sub&gt;: Event attendees’ conation level for the sponsor’s brand will be higher than non attendees.</td>
<td>confirmed</td>
</tr>
<tr>
<td>Hypothesis</td>
<td>Description</td>
</tr>
<tr>
<td>------------</td>
<td>-------------</td>
</tr>
<tr>
<td>H4:</td>
<td>Television viewers’ cognition level of the sponsor will increase but less than for the attendees.</td>
</tr>
<tr>
<td>H5:</td>
<td>Television viewers’ level of affect for the sponsor will increase but less than for the attendees.</td>
</tr>
<tr>
<td>H6:</td>
<td>Television viewers’ conation level for the sponsor will increase but less than for the attendees.</td>
</tr>
<tr>
<td>H7:</td>
<td>Attendees’ purchase frequency of the sponsor’s brand will increase.</td>
</tr>
<tr>
<td>H8:</td>
<td>Attendees’ average spend on the sponsor’s brand will increase.</td>
</tr>
<tr>
<td>H9:</td>
<td>Television viewers’ purchase frequency of the sponsor’s brand will increase but will be less than for the attendees.</td>
</tr>
<tr>
<td>H10:</td>
<td>Television viewers’ average spend on the sponsor’s brand will increase but will be less than for the attendees.</td>
</tr>
</tbody>
</table>

The results for the first three hypotheses, that sponsorship positively influence consumer attitudes towards the brand, are not unexpected and similar conclusions have been reached by several scholars (e.g. Javalgi et al. 1994; Martensen et al. 2007; Pope and Voges 2000; Quester 1997). Further, while we failed to confirm hypotheses 4-6, the results were directionally in line with theory. It is likely that the influence of watching a sponsored event on brand attitudes is much weaker than for an attendee, and that the lack of statistical power due to low sample sizes may be partly to blame for not finding conclusive results. As discussed in the results section, the surprising discoveries were in regards to the average amount of money spent on the sponsor’s brand. Our findings suggest that attendees, while increasing the frequency of purchase of the sponsor’s brand (confirmed with hypothesis 7), spent less on the product at the time of purchase. A likely reason for the results of hypothesis 8 is that the sponsor was providing attendees with coupons as part of their on-site activations. The use of coupons would certainly explain a decline in average spend, however it should be pointed out that coupons could also be
used to explain an increase in purchase frequency. The coupons however, are of a short
term concern. Future research could account for the coupons effect by waiting a longer
period before attempting to validate the study – to give them time to expire or work
through the system. It is important to remember that one of the purposes of the study is
to determine how changes in brand attitude lead to future sales. The sponsorship must be
considered as a whole – with all activations as part of the consideration set. Couponing is
a common practice at sponsored events.

Application of Sponsorship Financial Valuation – An Example. To illustrate how
a firm would use the proposed methods to determine the return on investment of a
sponsored event, we present an example using the data collected for the studied event.
Table 20 shows the attitudinal levels among the groups for the cognition and affect stages
of the hierarchy-of-effects framework.

**Table 20**

*Respondents’ Attitudinal Levels*

<table>
<thead>
<tr>
<th></th>
<th>Awareness</th>
<th>Knowledge</th>
<th>Liking</th>
<th>Preference</th>
</tr>
</thead>
<tbody>
<tr>
<td>general public - before event</td>
<td>74%</td>
<td>59%</td>
<td>63%</td>
<td>44%</td>
</tr>
<tr>
<td>attendees - before event</td>
<td>94%</td>
<td>87%</td>
<td>89%</td>
<td>75%</td>
</tr>
<tr>
<td>TV viewers - after event</td>
<td>77%</td>
<td>71%</td>
<td>69%</td>
<td>50%</td>
</tr>
<tr>
<td>general public - after event</td>
<td>75%</td>
<td>63%</td>
<td>61%</td>
<td>43%</td>
</tr>
<tr>
<td>attendees - 1 week after event</td>
<td>95%</td>
<td>91%</td>
<td>89%</td>
<td>72%</td>
</tr>
<tr>
<td>attendees - 1 month after event</td>
<td>94%</td>
<td>91%</td>
<td>89%</td>
<td>70%</td>
</tr>
</tbody>
</table>

To determine the betas for the logistic regression model, we used the brand
attitudes of the general public before the event. Rather than the percentage levels shown
in table 20, we used the factor scores for each construct as shown in table 21. In the case of group 1, an awareness level of 74% is equivalent to a factor score of -0.42. The group 1 factor scores for the remaining constructs are: knowledge -0.30; liking -0.45; preference -0.46. As table 17 shows, the resulting betas are: awareness -.019; knowledge .840; liking .363; preference 1.094; the constant term .217.

Table 21

Respondents’ Attitudinal Levels by Factor Score

<table>
<thead>
<tr>
<th></th>
<th>Awareness</th>
<th>Knowledge</th>
<th>Liking</th>
<th>Preference</th>
</tr>
</thead>
<tbody>
<tr>
<td>general public - before event</td>
<td>-0.42</td>
<td>-0.30</td>
<td>-0.45</td>
<td>-0.46</td>
</tr>
<tr>
<td>attendees - before event</td>
<td>0.53</td>
<td>0.65</td>
<td>0.46</td>
<td>0.49</td>
</tr>
<tr>
<td>TV viewers - after event</td>
<td>-0.33</td>
<td>0.02</td>
<td>-0.23</td>
<td>-0.33</td>
</tr>
<tr>
<td>general public - after event</td>
<td>-0.34</td>
<td>-0.26</td>
<td>-0.48</td>
<td>-0.52</td>
</tr>
<tr>
<td>attendees - 1 week after event</td>
<td>0.61</td>
<td>0.84</td>
<td>0.48</td>
<td>0.41</td>
</tr>
<tr>
<td>attendees - 1 month after event</td>
<td>0.46</td>
<td>0.77</td>
<td>0.47</td>
<td>0.33</td>
</tr>
</tbody>
</table>

Thus, the equation for predicting future buyers from this event is:

Equation 7:

\[
\hat{P}_{Pui} = \frac{e^{(-0.019X_A + .840X_K + .363X_L + 1.094X_{PF} + .217)}}{1 + e^{(-0.019X_A + .840X_K + .363X_L + 1.094X_{PF} + .217)}}
\]

To predict the number of new customers, we take the brand attitudes of consumers after the event. Using the results from group 5, we would plug in the attitudinal factor scores into equation 7 to derive the predicted percentage of attendees who will be customers.

\[
\hat{P}_{Pui} = \frac{e^{(-0.019+.61+.840+.363+.48+1.094+.41+.217)}}{1 + e^{(-0.019+.61+.840+.363+.48+1.094+.41+.217)}} = .864 or 86.4\%
\]
Applying the same methodology to television viewers, we find:

\[
\hat{p}_{P|ui} = \frac{e^{(-.019+-.33+.840+.02+.363+-.23+1.094+.33+.217)}}{1 + e^{(-.019+-.33+.840+.02+.363+-.23+1.094+.33+.217)}} = .585 \text{ or } 58.5\%
\]

Therefore, we predict that 86.4% of attendees will be buyers of the brand and 58.5% of the event’s television viewers will be buyers within one buying cycle after experiencing the event. The next step is to calculate the percentage of new buyers from each group. We used the general population before the event to establish our base case and we found that 39.9% of respondents from this sample are current customers of the sponsor’s brand. However, as we saw from table 5, the demographic profile of the respondents from each wave differs. When we weight the demographics of the general population to reflect that of television viewers, we estimate that 36.6% of the TV viewers of the event were already customers. Using the same weighting for event attendees, we find that approximately 43.0% were current customers before exposure to the sponsor’s leveraging activities. Thus the percentage of new customers from the event attendees is:

\[86.4\% - 43.0\% = 43.4\%\]

And for television viewers:

\[58.5\% - 36.6\% = 21.9\%\]

Assuming the attendance at the event was 70,000 and the television audience was 1.5 million households of which 1 million had access to the brand. The number of attendees who were customers before the event would be 70,000 x .43 or 30,100 and the number after the event would be 70,000 x .864 or 60,480. The number of new customers from the event attendees is then 60,480 – 30,100 or 30,380. From the television
audience, we estimate that the number of buyers before the televised event was 1,000,000 \times .366 or 366,000 and the number after the event was 1,000,000 \times .585 or 585,000. The number of new customers from the television viewers is therefore 585,000 – 366,000 or 219,000.

The next step is to assign a value to each customer. We proposed customer lifetime value (CLV) as the means to value buyers. For the purposes of this example, we will use Venkatesan & Kumar (2004) CLV model introduced in equation 3.

\[
CLV_i = \sum_{t=1}^{n} \left( \frac{\text{contribution margin}_{it} - \text{acquisition cost}_{it}}{(1 + r)^t} \right)
\]

The contribution margin for the equation is determined by calculating the revenue, as shown in equation 4, and multiplying that by the contribution margin percentage, for this example let us assume that it is 30%. Tables 22 and 23 illustrate the revenue and contribution margins for attendees and television viewers.

**Table 22**

*Contribution Margin Calculated by PSM for Attendees after One Week*

<table>
<thead>
<tr>
<th></th>
<th># of Visits in past 4 weeks</th>
<th>Average Spend per Visit</th>
<th>4 Week Revenue</th>
<th>Contr. Margin (30%)</th>
<th>Weight for attendees</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSM1 after event - attendees</td>
<td>4.63</td>
<td>$8.54</td>
<td>$39.54</td>
<td>$11.86</td>
<td>.14</td>
</tr>
<tr>
<td>PSM1 after event - general public</td>
<td>1.80</td>
<td>7.16</td>
<td>12.89</td>
<td>3.87</td>
<td></td>
</tr>
<tr>
<td>PSM2 after event - attendees</td>
<td>5.08</td>
<td>8.09</td>
<td>41.10</td>
<td>12.33</td>
<td>.39</td>
</tr>
<tr>
<td>PSM2 after event - general public</td>
<td>1.72</td>
<td>9.73</td>
<td>16.74</td>
<td>5.02</td>
<td></td>
</tr>
<tr>
<td>PSM3 after event - attendees</td>
<td>4.90</td>
<td>6.81</td>
<td>33.37</td>
<td>10.01</td>
<td>.47</td>
</tr>
<tr>
<td>PSM3 after event - general public</td>
<td>1.41</td>
<td>10.79</td>
<td>15.21</td>
<td>4.56</td>
<td></td>
</tr>
</tbody>
</table>
Contribution Margin Calculated by PSM for Television Viewers

<table>
<thead>
<tr>
<th></th>
<th># of Visits in past 4 weeks</th>
<th>Average Spend per Visit</th>
<th>4 Week Revenue</th>
<th>Contr. Margin (30%)</th>
<th>Weight for TV audience</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSM1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>after event</td>
<td>3.33</td>
<td>$8.39</td>
<td>$27.94</td>
<td>$8.38</td>
<td>.56</td>
</tr>
<tr>
<td>- TV viewers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- general public</td>
<td>1.80</td>
<td>7.16</td>
<td>12.89</td>
<td>3.87</td>
<td></td>
</tr>
<tr>
<td>PSM2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>after event</td>
<td>2.61</td>
<td>8.58</td>
<td>22.39</td>
<td>6.72</td>
<td>.33</td>
</tr>
<tr>
<td>- TV viewers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- general public</td>
<td>1.72</td>
<td>9.73</td>
<td>16.74</td>
<td>5.02</td>
<td></td>
</tr>
<tr>
<td>PSM3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>after event</td>
<td>3.13</td>
<td>5.44</td>
<td>17.03</td>
<td>5.11</td>
<td>.11</td>
</tr>
<tr>
<td>- TV viewers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- general public</td>
<td>1.41</td>
<td>10.79</td>
<td>15.21</td>
<td>4.56</td>
<td></td>
</tr>
</tbody>
</table>

The contribution margin for attendees after the event is $11.17 \left(11.86 \times .14 + 12.33 \times .39 + 10.01 \times .47\right)$ and for television viewers after the event, it is $7.47 \left(8.38 \times .56 + 6.72 \times .33 + 5.11 \times .11\right)$. For this example, we will assume that the discount rate is 1% per month. Also, Venkatesan & Kumar (2004) recommend limiting the number of periods to forecast lifetime value to three years (or 36 months), as going beyond that time period becomes too uncertain. Rather than include the acquisition cost in the CLV model, we will instead include the costs in the overall ROI calculation. Therefore the CLV for an attendee is:

\[
CLV_i = \frac{$11.17 \times 36}{(1 + .01)^{36}} = $281.05
\]

and for a television viewer it is:

\[
CLV_i = \frac{$7.47 \times 36}{(1 + .01)^{36}} = $187.95
\]
Using the same methodology we can calculate CLV for new buyers, existing customers before and after the event for both attendees and television viewers. For this example, attendee’s lifetime values are:

\[ \text{CLV}_1 = \$240.54 \]
\[ \text{CLV}_2 = \$281.05 \]
\[ \text{CLV}_3 = \$256.65 \]

Assuming a total cost of sponsorship at $1,000,000, we can calculate the ROI from equation 5

Equation 5:

\[ \text{sponsorship \ ROI} = \frac{(30,380)(256.65) + (30,100)(281.05 - 240.54)}{1,000,000} - 1 \]

Or the return on investment of the sponsored event was 801.64%.

We have presented a means for organizations to measure their financial return of event sponsorship. Regardless of how frequency of purchase or amount spent per purchase is impacted, the organization can derive the lifetime value of existing and new customers resulting from the sponsorship. The key is the ability to accurately predict the number of new customers created because of the investment into the event. We have
created and validated a model, as shown again in equation 7, which allows sponsors to determine the number of new buyers resulting from a sponsorship.

Equation 7:

\[
\hat{p}_{Pui} = \frac{e^{(\beta_A X_A + \beta_K X_K + \beta_L X_L + \beta_{Pr} X_{Pr} + \beta_0 X_0)}}{1 + e^{(\beta_A X_A + \beta_K X_K + \beta_L X_L + \beta_{Pr} X_{Pr} + \beta_0 X_0)}}
\]

Where:
- \(A\) = the consumer’s level of awareness of the sponsor’s product(s)
- \(K\) = the consumer’s level of knowledge of the sponsor’s product(s)
- \(L\) = the consumer’s level of liking of the sponsor’s product(s)
- \(Pr\) = the consumer’s level of preference of the sponsor’s product(s)
- \(\hat{p}_{Pui}\) = the probability of consumer i becoming a future buyer.

Reflecting back upon the theory of reasoned action, Ajzen and Fishbein (1980) pointed out that a buyer will consider his attitudes before choosing whether to purchase. Thus, a change in the buyer’s attitude will alter the probability of how he will act. We have extended the theory by quantifying the probabilities of purchase resulting from a change in brand attitudes. As Bentler and Speckart (1981) claimed, attitudes guide behaviors.

The managerial implications of this study are significant. Firms have often questioned the benefits of their investments in sponsorships (Chien, Cornwell, et al, 2005) and they seldom realize any return until a period of time after the event (Farrelly et al. 2006). This contrasts with the sponsored property as they often receive their revenues at the beginning of the arrangement (Farrelly et al. 2006). We provide a methodology
that not only allows sponsors to measure the effectiveness of the sponsorship but to
determine the return on their sponsorship investment. We have combined the consumer
behavior theory on attitudes toward both the ad and the brand with customer lifetime
value. This combination not only allows us to determine how many new customers a
sponsorship generates but also how the sponsorship influences the buying patterns that
drive customer lifetime value.
References


