

# **FRAMING SPONSORSHIP – MULTIPLE PERSPECTIVES ON THE ROLE OF SPONSORSHIP IN SPORT AND THE ARTS: NEW ZEALAND CASE STUDIES**

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## **ABSTRACT**

This paper selectively discusses the literature examining sponsorship, following the approach of Lynall *et al.* [1], and adopts a meta-framework encompassing multiple framing to develop complementary theoretic views and multiple perspectives of the role of sponsorship in sport and the arts. Using case studies of major New Zealand (NZ) organizations, the paper suggests that insights about sponsorship formation, relationships and effectiveness can be better understood through the employment of multiple frames and development of multiple theoretical perspectives. A future research agenda is also proposed.

## **INTRODUCTION**

The use of sponsorship as a promotional activity has grown tremendously in recent years. Sponsorship has developed from what many regard as a philanthropic activity conducted on the whim of the CEO, to a highly integrated market-oriented activity. Sports are the main recipients with an estimated 65 percent of total sponsorship spending. Interestingly, these figures only represent a fraction of the corporate investments into sponsorship. The figures do not include expenditures for supporting advertising and other promotion. Our interest in sponsorship is therefore not surprisingly linked to its pervasiveness in commercial life and its impact on the world of sport and the arts.

This paper will provide a brief background to the sponsorship literature, noting alternative conceptualizations and definitions of sponsorship, the motivations that drive sponsors to seek sponsorship relationships, factors at play within relationships, and how to evaluate the effectiveness of the relationship. Whilst these matters are useful and shed light on sponsorship relationships, it is proposed that greater understanding of and insight into sponsorship relationships is possible, not through one-dimensional views, but through the use of multiple frameworks. Here, we selectively review and apply four frameworks - the resource-based view of the firm, resource dependency, institutional theory and social network theory – to explore the nature and effectiveness of sponsorship relationships.

## **THE DOMAIN OF SPONSORSHIP RESEARCH**

In their comprehensive review of sponsorship research, Cornwell and Maignan [2] identify three main streams of investigation which relate to the conceptual and operational definition of sponsorship [3-5], the description of its evolution in a particular country or industry [6-9]; and the identification and understanding of sponsoring company objectives [10-14]. Others have stated that these earlier bodies of research focused on investigating sponsorship from the sponsoring company's perspective [15].

### **Defining Sponsorship**

In defining sponsorship, there is consensus that it can be understood as a process-dependent relationship of exchange. However, some researchers have found benefit in conceptualizing sponsorship as a

resource [16] and gain value from adopting a resource-dependent view of the firm in interpreting sponsorship. Others see sponsorships in purely functionalist terms as contributing to a range of broader organizational objectives for both sponsor and sponsee. In their review of sponsorship research, Cornwell *et al.* [2: 11] propose that sponsorship as a relationship of exchange entails the sponsee receiving a fee from the sponsor, and in turn, the sponsor "obtains the right to associate itself with the activity sponsored." O'Hagan and Harvey [17: 205] also highlight the exchange relationship, but in contrast, they provide a broader perspective of the nature of the association, what use the association is put to and what the currency of exchange may comprise. As such, they highlight the desire for the sponsor to obtain a range of benefits (promotional or other), besides the right to market the association.

## **Sponsor Motivations**

A recurring theme of much of the literature has encompassed the objectives and motivations of the potential sponsor. Meenaghan and Flood's early work [18] noted five general categories of motivations for sponsor organizations described as product or sales related, guest-hospitality-related, personal or corporate. Hoek *et al.*'s study [19] drew on this work, and categorized objectives of improving goodwill, enhancing image, increasing awareness, improving profitability, serving management interest, and impacting positively on staff recruitment. In other studies, while the terminology may differ, the various groupings of motivations or objectives bear some similarity: recognizing the promotion of an image, a brand or the company; a focus on employee morale or other employee-related issues; and/or reflecting the personal or organizational interests of management in sponsorship decisions [17] [20, 21].

We note the above studies concerning the objectives and motivations of sponsorship decisions provide insight into the *formation* of the sponsorship relationship. Recent work by Farrelly & Quester [22, 23] on the *development* of relationships has explored the role of trust, commitment and market orientation, and considered the effects on relationship *renewal* [24]. In their study, data collected from 46 sponsor relationships involving the Australian Football League led to a conclusion that sponsors' decisions to commit to or renew a sponsorship relationship are likely to reflect an internal or unilateral perspective on the relationship, independent of sponsee input. Their findings related to trust [23] suggest that trust is a necessary but not sufficient justification for a sponsor to commit to sponsorship renewal. In related commentary [22-24], sponsor commitment is differentiated in terms of preparedness to leverage the relationship. Cornwell *et al.*'s [2] examination of managers' perceptions of the success of a sponsorship arrangement similarly highlights the concept of leveraging. Their research also finds that managers perceive greater success for a relationship when the sponsor has leveraged the relationship, when it is long-term, and when its managers have become involved or have a sense of ownership of the relationship. However, there is a paucity of research looking at the development of relationships.

## **Effects of Sponsorship on the Consumer**

Empirical investigations into the effects of sponsorship on the consumer have shown small or ambiguous effects. For example, Javalgi *et al.* [26] "measured" the corporate image of five sponsors and the impact of sponsorship on consumers' perception of sponsor image. Their results showed that the effect of the sponsorship varied widely, ranging from a clear improvement in image for some sponsors to a negative impact for others. Similarly, Nicholls *et al.* [27], in examining impact on brand preferences, found that sponsorship facilitated a steady growth in brand preference for only one out of the nine brands they surveyed. Lynall *et al.* [1] have suggested that such ambiguity may arise from the incompleteness of frameworks being used to interpret findings, and in particular for what we may regard as cross-sectional studies, to the lack of reference to stage of organizational life-cycle – or in the case of

sponsorship, from lack of consideration or understanding of what may be referred to as the sponsorship life-cycle.

Despite the growing interest in sponsorship, the field has attracted limited empirical research amongst the academic community devoted to understanding the value or effect of sponsorship or evaluating the results for a sponsorship effort [2] [14] [28]. McDaniel and Kinney [29] have attributed the prior lack of comprehensive empirical investigations to the fact that there has been no single widely accepted definition of sponsorship that can guide research. In a similar vein, Cornwell *et al.* [2] add that without a clear specification of the phenomenon of interest, researchers have had difficulties in moving from descriptive to explanatory analyses. Additionally, they claim that the lack of a widely accepted definition has obstructed the development of theoretical frameworks or conceptual models on which significant sponsorship research can be based. In a similar vein, they suggest that devoting attention to the development of frameworks that embrace a broader range of organizational variables might help in reducing the ambiguity surrounding findings relating to sponsorship effectiveness.

## **THE USE OF MULTIPLE FRAMES**

The authors find value rather than confusion in the diverse views and frameworks that have developed in the domain of sponsorship. Like others [1] [30-31], we disavow the notion that frameworks should necessarily compete for exclusive or dominant usage across the domain, say of sponsorship. We suggest that forcing a choice of one analytic or interpretive frame or framework over another would deny the potential benefits arising from employing alternative frameworks that highlight different dimensions of our domain of interest. Indeed, we see benefits in using theoretical frameworks in complementary fashion, and in the development of a meta-framework that may facilitate such complementary use. As such, we outline four alternative frameworks: the resource-based view of the firm, resource dependency, institutional theory and social network theory - that deliberately seek to develop alternative perspectives on sponsorship. These frameworks are briefly explored within the context of two NZ case studies: health sponsorship of the arts and airline sponsored rugby football. In NZ, arts and sports sponsorship is gaining prominence in the marketing mix [32]. An increasing number of companies are moving beyond more traditional marketing media and linking to the values and emotion associated with a specific sport.

### **The National Provincial Championship (NPC) of Rugby**

The NPC is NZ's foremost domestic sporting competition, and as such, it is a highly visible event and regarded as a desirable sponsorship property. The NPC is the largest annual sporting event in NZ and attracts many spectators and television viewers country-wide. Its popularity makes it a premier platform for sponsorship activities. It incorporates 27 provincial rugby unions in a three-division competition run by the New Zealand Rugby Union (NZRU), with Air NZ being the naming rights sponsor and official airline. The competition is Air NZ's major domestic sponsorship. It has been involved since 1994, following nine years of support from the National Mutual Insurance company. The support of Air NZ, much of which is facilitates travel for the lower divisional teams, has been largely responsible for maintaining the involvement of, and recreating interest and enthusiasm for national level competition amongst the sparsely populated, smaller, impoverished minor unions [33]. The association with an already high profile national event over an extended period of time is leveraged through the promotion of sports travel packages that benefit the airline directly, and by communicating a corporate image that marries generous support for the NPC and rugby with a sharing of identity with the far-flung provincial fans through its "true colours" advertising campaign. Air NZ thus supports the sport, the fans - their customers - and the regions they come from! Air NZ has, during its period of sponsorship, faced

competition in Australasia from Qantas, Ansett and recently Virgin Blue. Its successful sponsorship of the NPC continues to position it as the "true colours" national carrier offering a nationwide service.

### **The Drug Free Arts Case**

Drug Free Arts (DFA) is a brand within a larger government-funded organization. Although it is not a corporation, it is an organization which, through sponsorship, seeks promotional benefits and leveraging opportunities; and which also must evaluate the success of the sponsorship relationship. DFA uses sponsorship as a tool to help reduce tobacco use, and specifically targets artists – a defined “at-risk” group. In each relationship, DFA seeks to change the mores or values of the arts organization or group they are working with, such that the organization will adopt a Drug Free message now and into the future. The arts organization may vary in nature, size and temporal dimension. For example, it may be two performers teaming for a four-week national summer tour or a long-standing national institution with full-time performers and support employees. The staff of DFA are knowledgeable of, and familiar with the arts sector, and, in general, identify potential sponsorship relationships through this familiarity. They “shoulder-tap” organizations of excellence, with a national presence, and/or with a presence in other defined at-risk groups. For DFA, their investment ends and their objective is achieved when they feel their message will be a long-term part of the arts organization’s values and methods of operation.

### **The Resource-Based View of Sponsorship**

Amis *et al.* [34] find value in conceptualising sponsorship as a resource, which resource, when identified and used, can become a distinctive competence capable of contributing to sustainable competitive advantage [35-36]. Having adopted such a view, we may then regard brand image or reputation as illustrative of intangible resources that may be used to secure competitive advantage. Furthermore, it is then not surprising that many [11] [37-38] cite such brand image and reputation as important elements impacting on sponsorship formations and as reasons for a firm to enter into a sponsorship agreement. Amis *et al.* [34] regard this conceptualisation as according with the resource-based view of the firm and its "underlying tenet" that competitive advantage emerges through "the accumulation and deployment of proprietary resources." The "core competencies" of a sponsorship may then be referred to as its uniqueness, non-imitability and its contribution to competitive differentiation; its usability and extendibility in various ways, for example, to promotions, education programmes, corporate hospitality and shaping corporate culture. In the latter situation, we note the uniqueness/non-imitability of the NPC sponsorship relationship as a "core competence" of Air NZ. By contrast, we note how DFA seek to develop sponsorship relationships throughout the arts domain in NZ as a means of spreading the Drug Free message. Such an approach can be interpreted as involving the "accumulation and deployment" of sponsee and sponsorship relationships as resources.

## **CONCLUSION**

We suggest, in keeping with Lynall *et al.* [1], that whilst each of these frameworks provide useful insights, and privilege different perspectives, their utility as frameworks to explore sponsorship and sponsorship relationships may differ according to the stage of sponsor/sponsee organizational life-cycle, the stage the sponsorship relationship, and the industry domain of sponsor and sponsee. As sponsorship becomes a common element to marketing campaigns, and arts, sports and charities rely more heavily upon this income, greater understanding of the sponsorship relationship is critical. A future research agenda would seek to further examine relationships using multiple frames capable of developing complementary perspectives on an array of sponsorship issues.