Business Horizons (2016) 59, 163—173

Available online at www.sciencedirect.com

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Evaluating sponsorship through the lens of the resource-based view: The potential for sustained competitive advantage

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KEYWORDS
Sport sponsorship;
Resource-based view;
Marketing management;
Competitive advantage;
Olympic Games

Abstract The resource-based view (RBV) of the firm has become a prominent management theory that firms can use to analyze resources as potential sources of competitive advantage. Theorists have suggested sponsorship of sport properties as one such resource, yet specific cases of sponsorship's role in a firm's achievement of a sustained advantage over competitors have yet to be explored. This article illuminates the case of Visa's longstanding global sponsorship of the Olympic Games, which was initiated and leveraged to counteract competitor American Express' advantage with global business travelers. Evidence is presented that supports Visa's achievement of a competitive advantage during the term of the sponsorship. The case is then used to develop a conceptual model based on the RBV to identify the key characteristics of sponsored properties capable of assisting the sponsoring firm in achieving a sustained competitive advantage. From a managerial perspective, the model is designed to assist marketing managers tasked with the identification and evaluation of potential sponsorship properties.

1. The resource-based view: An introduction

Viewing firm resources as a potential source of competitive advantage has been a foundation of the strategic management literature for more than 3 decades. Among the most influential theories that view firms as a broader set of resources is the resource-based view (RBV) of the firm (Barney, 1991; Wernerfelt, 1984). The RBV of the firm theorizes that a firm's resources constitute a potential source of competitive advantage (Wernerfelt, 1984) and identifies a series of empirical indicators with which to identify resources capable of providing such an advantage (Barney, 1991).

Sponsorship has previously been explored as a potential source of competitive advantage by

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0007-6813/$ — see front matter
http://dx.doi.org/10.1016/j.bushor.2015.11.001

several authors, including Amis, Pant, and Slack (1997); Fahy, Farrelly, and Quester (2004); Papadimitriou and Apostolopoulou (2009); and Cobbs (2011). However, past studies viewing sponsorship through the lens of RBV have failed to demonstrate how this perspective can be utilized to assist marketing managers in identifying sponsored properties (e.g., sport teams, leagues, or mega-events such as the Olympic Games or World Cup) that may have the potential to provide the sponsoring firm with a competitive advantage. While several studies have used the sponsorship context to illuminate the indicators of a resource capable of providing a firm with a competitive advantage, existing studies have not specifically linked characteristics of the sponsored property to such resource indicators or followed up with market data to substantiate the sponsoring firm's achievement of an advantage over competitors. Rather, scholars to date have focused on the resources held by the sponsoring firm itself, or how the firm applied various marketing tactics to leverage the sponsorship to achieve its stated objectives (i.e., activation of the sponsorship).

Therefore, this article seeks to advance the application of the RBV to potential sponsorship properties by demonstrating how the theory can be utilized by firms seeking a competitive advantage. A case study approach is used to analyze the characteristics of a sponsorship property that has assisted the sponsoring firm in attaining a competitive advantage. Based on the case of Visa's longstanding sponsorship of the Olympic Games, we developed a conceptual model to assist marketing management decision making by explicating aspects of sponsorship properties most likely to provide a competitive advantage for the sponsoring firm. We highlight empirical evidence demonstrating how the association assisted Visa in achieving an advantage over its key competitor, American Express. Secondary sources reveal that Visa's initial motivation in embarking on the partnership was its intense competition with American Express, specifically in crafting strategies to reach the lucrative business travel consumer (Payne, 2012).

The choice of the right sponsorship property is an ongoing challenge for marketers (Stotlar, 2004). Furthermore, the economic downturn placed even more scrutiny on all marketing expenditures, particularly for investments in non-traditional marketing tactics such as sponsorship (Jensen & Cobbs, 2014); this, in turn, magnified stress in the relationship between the sponsoring firm and property (Farrelly & Quester, 2005). Given this accountability movement, utilization of the RBV has important implications for both brand marketers seeking to identify sponsorship properties that have the potential to provide a competitive advantage for the sponsoring firm and organizations seeking additional revenue from sponsorship.

1.1. Foundational works on RBV

As detailed by Hult (2011), the classic point of origination for resource-based theories and the foundation for the RBV is the theory of the growth of the firm, which addressed the acquisition of marketing resources that can be applied by a firm to establish a position in the marketplace (Penrose, 1959). However, the usefulness of analyzing firms from the resource perspective was not popularized until the development of the resource-based view of the firm by Wernerfelt in 1984. RBV theorizes that a firm's resources are a potential source of competitive advantage—that is, a firm's ability to implement a value-creating strategy not simultaneously being implemented by any current or potential competitor (Wernerfelt, 1984). The subsequent literature on the RBV has examined the types of resources capable of providing a firm with a competitive advantage, with Barney's (1991) framework considered the foundational work utilizing this perspective.

According to Barney (1991), there are three key tenets of the RBV. First, firm resources are heterogeneously distributed across firms and any differences among these resources are stable over time. Second, there is an explicit link between a firm's resources, its management of them, and sustained competitive advantage. Third, there are a series of empirical indicators of the potential for firm resources to generate a sustained competitive advantage: value, rareness, imitability, and substitutability. Barney also classified resources into three categories: physical capital resources, human capital resources, and organizational capital resources—with specific examples including the firm's strategic planning function, information processing systems, and positive reputation.

As it relates to the four indicators of value, rareness, imitability, and substitutability, the conditions of necessity and sufficiency to produce a sustainable competitive advantage vary. Each indicator could be considered necessary, but not individually sufficient, to create an advantage that is sustainable over the long term. For example, many physical resources (e.g., a sport team's stadium) are valuable in that they allow for an organization to exploit marketplace opportunities (e.g., demand for sport spectatorship); yet similar physical resources are possessed by most or all industry competitors (i.e., they are not rare). Therefore, such resources are necessary for competition in the industry, but