



Patriot games? Determinants of responses to Chinese and foreign sponsors of the Beijing Olympics



Dan Petrovici ^a, Yujian Shan ^b, Matthew Gorton ^b, John Ford ^{c,*}

^a Kent Business School, University of Kent, Canterbury, UK

^b Newcastle University Business School, Newcastle University, Newcastle upon Tyne, UK

^c College of Business and Public Administration at Old Dominion, University in Norfolk, USA

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ABSTRACT

The paper assesses the generalizability of Speed and Thompson's (2000) model of the determinants of sponsorship response to an important and growing market for sponsorship (China). It extends the model by considering differences in effects for foreign and domestically owned sponsors and the role of patriotism. The findings confirm that personal liking for the sponsored event, status of the event, attitude to the sponsor, perceived sincerity of the sponsor and perceived fit between the sponsor and the event are significant factors underpinning positive responses. In contrast to Speed and Thompson (2000), ubiquity of the sponsor is not significant for China. Whether the sponsor is of domestic or foreign origin is identified as an important moderator of sponsorship effects but there is no consistent evidence that foreign sponsors suffer from relatively poorer outcomes in emerging markets compared to domestically owned rivals.

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1. Introduction

Meenaghan (1991, p. 36) defines sponsorship as “an investment, in cash or in kind, in an activity, person or event (sponsee), in return for access to the exploitable commercial potential associated with that activity, person or event by the investor (sponsor)”. In 2012, companies spent \$51.1 billion on sponsorship worldwide, with sports by far the most important type, accounting for 71% of total expenditure (IEG, 2013). While North America and Europe remain the most important regions when measured by total expenditure on sponsorship, since 2008 growth rates have been far higher in Asia, particularly China. For instance, expenditure on sponsorship in 2012 grew by 6.4% in the Asia Pacific region compared with 5.1% in North America and 3.3% in Europe (IEG, 2013). This has prompted greater interest in understanding the Asian market for sponsorship (Yang, Sparks, & Li, 2008).

The study analyzes Chinese consumer responses to sponsorship by domestic and foreign-owned sponsors of the Beijing Olympics. It contributes to the literature in two ways. First, it assesses the applicability of one of the most prominent models of sponsorship (Speed & Thompson, 2000) in the context of the world's largest emerging market. While Speed and Thompson's (2000) model has been very influential in sponsorship research, its cross-national applicability remains untested. Moreover, the sponsorship literature, like marketing science more generally, derives almost exclusively from research conducted in a Western context. Rectifying this imbalance helps assess the cross-national generalizability of existing theory, identify institutional factors,

contribute to theory development and maintain managerial relevance (Burgess & Steenkamp, 2006).

The study further contributes to sponsorship theory by investigating whether the origin of a sponsor (i.e., domestic or foreign) and degree of consumer patriotism moderate sponsorship response. Olson (2010) identifies 28 articles published in major marketing journals since 1999 that study sponsorship effects, none of which consider the potential moderating effect of the origin of the sponsor. This is despite a substantial body of international marketing studies indicating, as a manifestation of consumer ethnocentrism, the existence of a Domestic Country Bias (DCB) (Balabanis & Diamantopoulos, 2004; Evanschitzky, Wangenheim, Woisetschlager, & Blut, 2008; Verlegh, 2007). An important consideration for companies partnering with a global event such as the Olympics is whether the effects for foreign sponsors will be the same as those for domestic firms. The paper assesses, therefore, whether sponsorship effects differ significantly for local and foreign sponsors. Finally, the paper explores whether differences in patriotism moderate sponsorship effects for domestic firms. While cross-national consumer research identifies patriotism as a significant determinant of ethnocentric tendencies (Balabanis, Diamantopoulos, Mueller, & Melewar, 2001) and the choice between domestic and foreign products (Han, 1988), the effect of patriotism on sponsorship response has not been previously investigated.

2. Background: Olympics, sponsorship and China

Turner (2004, p. 255) describes the Olympics as the ‘crown jewels’ of sponsorship. Advocates argue that partnering with the Olympics

* Corresponding author.

provides extraordinary benefits to sponsors in terms of image enhancement, differentiation from competitors and improved customer relationships (Brown, 2000; Turner, 2004). Empirical evidence supports some of these claims; for instance, Stipp and Schiavone (1996), studying the reactions of US consumers to the 1988 Summer Olympics, find that sponsorship impacts positively on a sponsor's image. Specifically, a halo effect occurs whereby goodwill toward the Olympics rubs off on the sponsor. Stipp and Schiavone (1996) appeal for additional research to assess the generalizability of their findings but this call remains largely unheeded.

The 2008 Olympic Games, which took place in Beijing, was a unique event, signifying the emergence of China as a world economic superpower. The Olympics also provided new opportunities for both Chinese and foreign-owned corporations to become involved in sponsorship and appeal to both a global and growing local audience. Reaching the latter is of strategic significance to many multinational corporations as they seek to build brand presence and sales in emerging markets (Verity, 2002).

3. Conceptual framework

3.1. Speed and Thompson (2000)

In their highly influential model, Speed and Thompson (2000) assume that responses to sponsorship depend on the associations of the sponsor, associations of the sponsored event and the degree of fit between the sponsor and sponsored event. Two constructs (status of the event and personal liking for the event) denote associations of the sponsored event. Three constructs capture associations of the sponsor (prior attitude to the sponsor, sincerity of the sponsor, ubiquity of the sponsor). The sixth construct is sponsor-sponsored event fit, denoting the degree of congruence or shared associations between the two entities (Fig. 1).

CONCEPTUAL MODEL FOR DETERMINANTS OF SPONSORSHIP RESPONSE

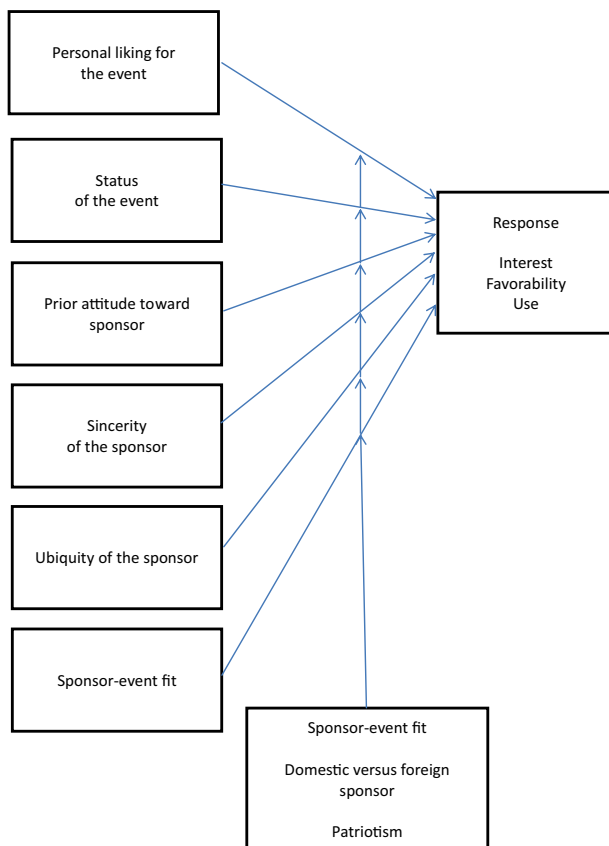


Fig. 1. Conceptual model for determinants of sponsorship response.

The model of Speed and Thompson (2000) incorporates three endogenous constructs capturing sponsorship response. Specifically these refer to the effect of sponsorship on: interest in the sponsor and its promotions (*interest*), attitude toward the sponsor (*favorability*), and willingness to buy the sponsor's products (*use*). While Speed and Thompson (2000) treat each factor separately, they assume that all factors affect each dependent variable in a similar manner. Specifically they assume that personal liking for the sponsored event, perceived status of the sponsored event, prior attitude to the sponsor, perceived sincerity of the sponsor and perceived fit between the sponsor and sponsored event all affect sponsorship response positively. In contrast, they argue that perceived ubiquity negatively affects sponsorship response. As the first part of the analysis involves the direct replication of Speed and Thompson's (2000) model, the paper does not detail supporting theoretical and empirical evidence for each of their hypotheses.

3.2. Domestic versus foreign sponsors

Speed and Thompson's (2000) model does not distinguish between domestic and foreign sponsors of a particular event, thus assuming that the origin of the sponsor is irrelevant. However, numerous studies in international marketing identify a Domestic Country Bias (DCB) (Balabanis & Diamantopoulos, 2004; Evanschitzky et al., 2008; Verlegh, 2007). Balabanis and Diamantopoulos (2004, p. 80) define DCB as a "bias against foreign products in favor of domestic ones". They regard DCB as a manifestation of ethnocentrism, theorizing the latter as stemming from the formation of a nationally-defined in-group social identity. The in-group is the subject of social attachment and loyalty (Balabanis & Diamantopoulos, 2004). Drawing on social identity theory (Mael & Ashforth, 1992), it is assumed that inherent to ethnocentrism is a separation between the attachment to the in-group and an unfavorable outlook toward out-groups. Pereira, Hsu, and Kundu (2002) report a relatively high level of ethnocentrism, compared to Western countries, in China.

The Olympics are an environment in which in- and out-group effects, defined by nationality, are pronounced: competitors represent their nation states and medal counts are tabulated by country. Intergroup competition is therefore principally between countries. For China, topping the medal table at the Beijing Olympics was an explicit policy goal, which received widespread domestic support (Liu & Hong, 2010). Official support for the Olympics also reflected the objective of enhancing feelings of togetherness and patriotism (Wei, Hong, & Zhouxiang, 2010) with sporting success symbolizing a newly cemented superpower status.

If group identification for the Olympics is principally related to countries, with the event generating strong nationally defined in-group feelings, one may expect a DCB to benefit domestic sponsors. This acknowledges that domestic sponsors are part of the in-group while foreign companies are associated with out-groups. As a result, it is expected therefore that:

H1. When the sponsor is Chinese (i.e., local as opposed to foreign), the stronger the association between:

H1a. Personal liking of the sponsored event and sponsorship response.

H1b. Perceived status of the sponsored event and sponsorship response.

H1c. Perceived fit between sponsor and the event and sponsorship response.

H1d. Prior attitude to the sponsor and sponsorship response.

H1e. Perceived sincerity of the sponsor and sponsorship response.

H1f. When the sponsor is Chinese, the weaker the association between ubiquity of the sponsor and sponsorship response.

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