



# The pivotal roles of product knowledge and corporate social responsibility in event sponsorship effectiveness

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## ABSTRACT

The authors apply consumer theories of cognition to event marketing specifically in relation to corporate sponsorships. Upon conducting field surveys with attendees ( $n = 1636$ ) at an international sporting event with a multinational sponsor, the authors demonstrate the pivotal roles that 1) attendees' knowledge regarding the sponsor's product, and 2) perception of the sponsor's commitment to corporate social responsibility have on successful event sponsorship. Specifically, structural model results show how attendees' knowledge of the event sponsor's products and perceptions of the sponsor as socially responsible enhance attendees' commitment to the sponsor and intentions to purchase the sponsor's products. These results provide scholars and managers with means of improving event marketing communications.

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## 1. Introduction

Many marketing managers are shifting portions of tight promotional budgets from traditional advertising options to event sponsorships and community-based event marketing, as evidenced in part by a projected six percent growth in sponsorship investments in North America (International Events Group, 2009). This trend is especially pronounced when firms seek to demonstrate to their customer base that they are socially responsible in times of tight economic conditions and corporate scrutiny. While consumers demand social responsibility, industry demands that marketers replace instinctive event marketing methods with quantifiable, scientific approaches to effective event marketing and sponsorship.

Despite shifts towards community-based event marketing, questions remain about consumer perceptions and the role of event sponsor's perceived corporate social responsibility as determinants of effective event sponsorship. Drawing from consumer theories in cognition, little is known regarding how attendees' perceptions of the sponsor as socially responsible are shadowed by their existing experience with and knowledge of a sponsor's products. Further questions surround how such product knowledge may influence attendees' willingness to become committed customers of the sponsor.

These questions are embedded in a broader issue concerning how sponsorships of community-based events by large, multinational firms may influence local residents' perceptions of the firm's commitment to social responsibility. The authors examine how product knowledge may drive event attendees' perceptions of the sponsor as more socially responsible. Such perceptions could, in turn, increase attendees' commitment to the sponsor and intentions to buy the sponsor's products.

This study builds on extant consumer theories that explain the respective importance of product knowledge and perception of the commitment to corporate social responsibility on event sponsor effectiveness. Specifically, the two main objectives of this study are:

- 1) to examine how attendees' existing knowledge of an event sponsor's products impacts their perceptions of the sponsor as being socially responsible;
- 2) to explain how attendees' product knowledge and assessments of sponsor's demonstration of social responsibility influence commitment to the sponsor and intentions to purchase the sponsor's products.

To accomplish the objectives, a test model is used based on the 1636 field surveys collected at a professional cycling event.

The study's main contribution is that it establishes how product knowledge and perception of commitment to corporate social responsibility each plays pivotal roles in determining consumers' perceptions of an event sponsor and their intentions regarding that sponsor. The study reveals how attendees with existing product knowledge report more favorable associations about the sponsor, as a result of their attendance at the sponsored event. Corporate social

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responsibility (CSR) mediates this relationship, revealing, therefore, that demonstrations of CSR favorably influence the positive outcomes for firms that engage in successful event sponsorships. Studies based on field data from sponsored events are relatively rare. Furthermore, as scholars have conducted few real-world, event marketing studies, these findings allow scholars to better understand how attendees' prior knowledge of an event sponsor's offerings impacts event-sponsorship outcomes. Also, these findings speak to venue managers and sponsors who are associated with the more than 40,000 sponsored events held annually in the U.S. alone.

This article proceeds as follows. First, the researchers present a brief background of sponsorship and event marketing as the context of the research. This background leads to a section examining the underlying theories of cognition, which inform the conceptual model. After developing the supporting hypotheses, the researchers describe their fieldwork at a professional cycling event that drew over 500,000 attendees in twelve host cities. The researchers then present the findings from structural equation modeling analyses. The paper closes with: a) the study's major contributions, b) the theoretical and managerial implications, and c) the limitations and avenues for future research.

## 2. Sponsorships and event marketing

Scholars define sponsorship as an investment in an activity in exchange for access to the commercial potential associated with that activity (Meenaghan, 1991). The sponsorship fee makes the event possible, while the sponsor receives access to the event attendees (and, hence, the potential to change the attendees' attitudes or behaviors) (Cornwell and Coote, 2005). Sponsorship entails two activities: an exchange with the event or venue and then communication of the association where the sponsor leverages that association with other marketing initiatives (Cornwell and Maigan, 1998).

Financial return on sponsorship investment is often only one goal of sponsors. Companies may financially invest in sponsorship, donate products and services in communities, or promote social causes in order to be a good citizen or give something back to the community or society (Bovair et al., 2002). As consumers are expected to like the social components of sponsorships (Simmons and Becker-Olsen, 2006), sponsoring a healthy event in consumers' communities may play a valuable role in strengthening those consumers' commitment to the sponsor. Scholars, however, have yet to focus on how existing product knowledge influences the attendees' perception of sponsors as socially responsible.

Event marketing links a company's brand to an activity for the purpose of creating experiences for attendees and promoting a product or service. The synergies between sponsorships and event marketing encourage their joint application. Whereas sponsorship alone has a limited ability to relay specific product information, event marketing at sponsored events increases the quantity and types of information firms can convey to consumers (Grohs et al., 2004). Events are experience oriented and attendees voluntarily participate in such events; a potential advantage of sponsoring such experience-oriented events is that firms can gain wide exposure for their brands among large audiences (Close et al., 2006).

## 3. Theories of cognition in the context of sponsored events

Sponsoring events can build brand awareness and strengthen brand image through the transfer of the association with the event to the sponsors (Javalgi et al., 1994). Such transfers may increase firms' access to consumer segments that may not otherwise interact with the sponsor (Wohlfeil and Whelan, 2006).

If consumers and sponsors are both to make the most of event sponsorships, and the transfers between them, sponsors must reach consumers at a cognitive level. Extant theories explain how knowledge helps drive consumers' evaluations, processing of marketing, and

responses to sponsorship messages (Roy and Cornwell, 2004). Sujan (1985) tests a cognitive theory and reveals that consumers with little information employ category-based information processing based on extant knowledge of the product category (e.g., cell phones). However, consumers who are knowledgeable about a given product (e.g., iphones), form attitudes and perceptions based on attribute information. Consumers' level of knowledge influences their ability to map attributes from a base domain to a more specific target. Yet, without base knowledge, or with little base knowledge, consumers will have difficulty perceiving the connections between the base domain and the target, as they do not draw from their schema to understand these relationships (Gregar-Paxton and Roedder-John, 1997; Moore and Homer, 2008; Roy and Cornwell, 2004).

Despite the prior research, scholars know little about the associations between attendees' extant knowledge of a sponsor's products and their assessments of the sponsor as socially responsible. Moreover, scholars also do not understand how event attendees' prior product knowledge of a sponsor influences their commitment to the event sponsor.

## 4. Conceptual framework and hypotheses

### 4.1. Product knowledge

Consumers' product knowledge represents product-related experience and accumulated information (Tsai, 2007). Consumers interpret product information based on knowledge activated at the time of comprehension (Lee and Olshavsky, 1994). In sponsorship terms, product knowledge relates to the familiarity, experience, expertise, and use of the sponsor's products. Thus, consumers may already possess product knowledge about the sponsor prior to attending a sponsored event. Yet, event sponsorship better equips attendees with relevant information, feelings, and experiences that can reaffirm and strengthen any extant knowledge about a sponsor's products.

Consumer responses to brand-building marketing activities may depend on the strength of the product knowledge the consumers' already possess. Consumers' familiarity with the sponsor influences their perceptions of the sponsor's products (Meenaghan, 1991). Consumers need some knowledge of a sponsoring firm's products in order to establish perceptions of those products. That is, attendees will have difficulty forming positive perceptions of an event's sponsor if they know nothing about the sponsor's products. An established research stream covers how product knowledge influences consumer perception (e.g., Alba and Hutchinson, 1987; Brucks, 1985). These studies conclude that consumers first experience a mere exposure effect when introduced to a product. Then, as a consumer becomes aware of a product, his or her attitude toward that product becomes more positive (Zajonc and Markus, 1982). In turn, event sponsorships can deepen product awareness and knowledge as consumers are engaged in the sponsored activity.

In addition to product usage experiences, knowledgeable consumers develop their product knowledge structure through a central route of systematic, cognitive processing of marketing information (Meyers-Levy and Maheswaran, 2004; Tsai, 2007). Consumers need product knowledge to form social associations about the event sponsor and to establish a preference for the sponsor's products. Product knowledge influences consumer response to marketing activities linking the event sponsor to social causes and to community events. Knowledgeable consumers are more engaged with the company and its community activities (Algesheimer et al., 2005), a component of corporate social responsibility.

### 4.2. Corporate social responsibility (CSR)

Scholars define corporate social responsibility as a firm's status and activities related to its perceived societal obligations and interests

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