



The impact of degenerative episodes on the sponsorship B2B relationship: Implications for brand management

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ABSTRACT

Sponsorship B2B relationships generally are entered into by sponsors seeking brand-related benefits through association with a sport entity brand. Negative incidents involving athletes representing the sport entity may threaten the brands of both the sport and sponsor and can weaken or even dissolve the partnership. The management of these episodes is critical in protecting the sport entity's brand equity, as well as the sponsor's brand, and ultimately the relationship. This study explores multiple stakeholders' perspectives on these degenerative episodes and the potential relational outcomes using a series of depth interviews with major sponsors and sport entities. We identify key constructs such as attribution of blame, societal norms, zone of tolerance and perceived severity which influence whether this behavior acts as a degenerative episode in the relationship. Factors such as existing relationship quality and episode management can affect the impact on the relationship as well as the extent of relational change.

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1. Introduction

Sport sponsorship involves a strategic business-to-business (B2B) relationship between a sponsor and a sport entity for mutual benefit (Farrelly & Quester, 2005a). The brands of both sponsor and sport entity are central to the success of the relationship and large scale sponsorships have been referred to as co-branding partnerships (Kahuni, Rowley, & Binsardi, 2009; Stipp & Schiavone, 1996). From the sponsor's perspective, a key objective of sponsorship is the positive effect on corporate brand image (Javalgi, Traylor, Gross, & Lampman, 1994). The brand image of the sport organization or event is used to define or enhance the perceptions of the sponsor's brand in the mind of their customers and other important stakeholders (Farrelly, Quester, & Burton, 2006; Gwinner & Eaton, 1999).

In B2B marketing, strong brand equity can enhance corporate reputation, command a price premium and elicit recommendations (Bendixen, Bukasa, & Abratt, 2004; Michell, King, & Reast, 2001). For a sport organization, this means that a strong brand can attract potentially sizable sponsorship fees as well as increased brand exposure in the media and consequently greater exposure to potential sponsors (Farrelly et al., 2006; Urriolagoitia & Planellas, 2007). Therefore, active management of the sport entity brand is essential to develop successful relationships with sponsors.

Inappropriate or illegal behavior perpetrated by athletes contracted to various sport entities has the potential to impact negatively on the brand of that sport organization and as a consequence, affect the relationship with their sponsors. In one notable example, a prominent motor-vehicle accident insurance company in Australia ended their 16 year sponsorship relationship with an Australian football team, estimated to be worth A\$600,000 per year. The termination occurred after a series of player incidents, including driving while under the influence of alcohol and speeding, left the sponsor with what they described as “no alternative” (TAC, 2005).

It has been suggested that B2B relationships can be changed by different types of interactions labelled as “generative, neutral and degenerative episodes” (Schurr, 2007, p.161). A degenerative episode is defined as “an episode having a negative effect on a relationship's state by decreasing cooperation, trust, mutual understanding and joint benefits” (Schurr, 2007, p.165). This type of episode may weaken a relationship or even result in dissolution. In sponsorship, given the potential for meaning or image transfer (Gwinner & Eaton, 1999; McCracken, 1988a) and the emotional intensity that sport elicits (Bal et al., 2007), any action which could damage the brand of the sport entity or sponsor has the potential to act as a degenerative episode within the overall relationship.

This paper examines the effect of negative player behavior on the sponsorship B2B relationship. Research into degenerative episodes within the B2B context is required to develop an understanding of the relational outcome of the combined effect of the episode and the quality of the existing relationship (Ford, 1980; Turnbull, Ford, & Cunningham, 1996). Further, this paper also identifies the factors associated with the behavior that can impact on the attractiveness of the sport entity brand as a sponsorship property. Although brand management is a well developed

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concept in consumer marketing, it has received relatively less attention in B2B marketing (Bendixen et al., 2004; Mudambi, 2002).

The paper begins with a review of the literature pertaining to branding and the sponsorship B2B relationship. Next, the methodological approach, which involved depth interviews among senior managers from sport entities and sponsors, is outlined. Finally, the results are presented in the form of a conceptual model and discussed, including implications for theory, managers and future research.

2. Branding and the sponsorship B2B relationship

Sponsorship has been recognized as a powerful platform for building brands (Cliffe & Motion, 2005). Benefits to the sponsor's brand include increasing brand awareness, creating or strengthening image (Gwinner & Eaton, 1999) and achieving brand differentiation (Cornwell, Roy, & Steinard, 2001). These benefits accrue to sponsors through positive associations with the image or excitement of a sporting event (Cornwell, Weeks, & Roy, 2005; Meenaghan, 2001). Given the focus on brand-related objectives, it can be argued that a large-scale sponsorship is increasingly likely to be a longer term association of the firm's brand and the brand of the sport entity (Farrelly & Quester, 2003). Sport entities are increasingly acknowledging the role of their brand in influencing relationships with sponsors as well as other key stakeholders such as fans and the media (Ferrand & Pages, 1999). This realization has resulted in more active brand management within many professional sport teams (Kahuni et al., 2009).

The increasing importance and complexity of sponsorship as a strategy has led sponsors and sponsored organizations to regard this B2B relationship as a partnership (Urriolagoitia & Planellas, 2007) or a form of strategic alliance (Farrelly & Quester, 2005a). It has been suggested that successful sponsorship alliances require that a sponsor make a long term commitment to the partnership as well as an investment in leveraging the brand association, thus providing greater exposure to both brands (Cliffe & Motion, 2005; Cornwell et al., 2005). As such, the effective management of the sponsorship B2B relationship and the sport entity brand contributes to the value derived by both parties.

Urriolagoitia and Planellas (2007) explored the management of these relationships and concluded that sponsorship can assume a more strategic role through a willingness to nurture the relationship between sponsor and sport entity and by ensuring that expectations are clearly communicated. Conversely, a lack of commitment on the part of the sport entity has been found to limit the ability of the sponsorship relationship to develop into a form of alliance (Farrelly & Quester, 2005a). However, research examining the B2B context of sponsorship is relatively limited and it has been suggested that there is a need for further study (Cornwell, 2008; Farrelly & Quester, 2005b), particularly to understand how these relationships evolve (Olkkonen, 2001).

One challenge to an effective sponsor/sport entity relationship is the increasing incidence of negative player-related behavior. This behavior has the potential to threaten the brands of both the sponsor and sport entity, thereby acting as a degenerative episode within the relationship and potentially leading to a decrease in relationship stability and even dissolution. It has been found that brand alliances can affect how each of the partner brands is regarded (Simonen & Ruth, 1998). For example, a misdeed committed by one partner can have a negative spillover effect on the other partner, particularly if the innocent partner appears to condone these actions (Votolato & Unnava, 2006). Therefore, a sponsor that is closely aligned with a sport entity or event, either due to the tier of sponsorship or active leveraging of the association, may be vulnerable to any negative events associated with the sponsored entity. However, effective management by both partners can minimize the impact of the spillover effect (Kahuni et al., 2009). B2B relationships, such as sponsorship, often endure because of firmly established network, contractual and relationship bonds (Narayandas, 2005), therefore

immediate relationship change or retribution due to a degenerative episode may not be always apparent.

Sponsors justifiably should be concerned about the impact on their brand as a result of any negative behavior associated with a sponsored sport entity, and subsequently may instigate a change in the relationship. The terms 'critical event' or 'critical incident' have been used to describe an event that causes a radical change in a business environment (Halinen, Salmi, & Havila, 1999, p.786). Negative critical incidents have the ability to cause stakeholders to review long-term relationships and can cause destabilization (van Doorn & Verhoef, 2008). Negative player behavior could also be considered a form of crisis for the sport organization and possibly their sponsors (Wilson, Stavros, & Westberg, 2008). A crisis is defined as something that could disrupt organizational operations and also damage reputation (Coombs, 2002). Although most crisis types are negative for the organization, not all crises have a negative effect on stakeholder relationships. The term degenerative episode is preferred for this study as it precludes those instances where crises can turn out to be positive or neutral influences on the relationship. Further, this behavior may not become a critical incident in terms of prompting a radical change in the relationship.

3. Method

This study applied an interpretative, qualitative research design using depth interviews (Strauss & Corbin, 1998). A dual approach was undertaken to examine the issue from the perspective of both sport organizations and large-scale sponsors in the Australian marketplace. Considering more than a single view of an issue allows essential aspects to be more readily recognized and variations noted with greater ease (Polkinghorne, 2005). The nexus in this relationship was the issue of negative athlete behavior in sport and the potential relational impact on the sponsorship.

While some sport entities and their corresponding sponsors were interviewed for this study, this pairing was not specifically considered when selecting informants. Preference was given to interviewing sponsors who had considerable investment and experience in sponsorship and related activities as part of their integrated marketing communications strategy. This approach was appropriate as the key issue to be examined was the broader concept of negative player behavior and its potential impact, rather than specific instances of this behavior.

Five major professional sporting codes were purposefully selected and are outlined in Table 1. These entities represent a cross-section of the leading Australian team sports in terms of attendance, revenue and media coverage. The selection of these sports was based on the desire to examine negative player behavior across a variety of sport contexts, rather than across organizations within the same sport.

Consistent with theoretical sampling (Strauss & Corbin, 1998), the sport entity interviews were conducted prior to interviewing sponsors as the sport entities are the source of the potential degenerative episode. This approach provided important insights through open coding that could then be examined later and expanded on through axial and selective coding approaches when considering the sponsor responses to these episodes.

Ultimately, eight sponsors and one sponsorship management company were interviewed for this study. As "sampling tends to become more purposeful and focused as the research progresses" (Strauss & Corbin, 1998, p.215), their selection was discriminately based and considered the following factors: relevance in terms of magnitude of involvement in sport sponsorship, accessibility, location, cooperation, likely outcomes and possible uniqueness. Selection involved identifying organizations that were engaged in large-scale sport sponsorship and had long standing relationships with various sport properties. This information was gathered by asking sport entities about such sponsors during interviews and through secondary sources such as press reports. The sponsor organizations are described in Table 2.

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