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Consumer Response to Sponsorship Leveraged Packaging (SLP) – a FMCG Context

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Abstract

With worldwide sponsorship spending now in excess of US\$26 billion, it is important for marketers to understand how to best leverage their sponsorship spend to achieve marketing and corporate goals. One widely used form of sponsorship leverage, particularly in the FMCG Industry is Sponsorship Leveraged Packaging (SLP) which involves depicting the sponsored property's image, logos or symbols on the sponsoring brands' packaging. Little is known empirically about if and how SLP impacts consumer attitudes to the sponsoring brand. It would be advantageous for organizations to establish how consumer attitudes are affected by SLP, thereby enabling management to adjust strategies and tactics, to justify continued spending on sponsorships and to differentiate their competitive offerings. This paper develops a research model and methodology to test the relationship between SLP and consumer attitudes and purchase intention.

Focus of the Study / Research Question and Objectives

In the last decade sponsorship has become a mainstream marketing communications tool with worldwide sponsorship spending reaching US\$30 billion (IEG 2005). Sponsorship effectiveness has been shown to be directly related to the degree to which the sponsors are willing to leverage their investment (Quester and Thompson 2001; Fahy et al. 2004; Grohs et al. 2004). One type of sponsorship leverage, Sponsorship Leveraged Packaging (SLP) involves depicting the sponsored property's image, logos or symbols on the sponsoring brands' packaging. SLP then capitalizes on:- the 'exploitable commercial potential' of the sponsored property and the benefits of packaging, in order to *communicate the sponsorship arrangement to consumers*. SLP is widely used in the Australian Fast Moving Consumer Goods (FMCG) Industry, with examples such as: Weetbix and the sponsorship of Kids

Triathlon; Milo and the sponsorship of the Australian Institute of Sport; and Gatorade and Powerade and the sponsorship of the Wallabies (examples pictured in Figure 1). Therefore SLP involves two main parties: the sponsoring brand, which refers to the organisation paying the fee to the property (e.g. Weetbix, Power aide); and the sponsored property which refers to the party receiving the fee or the party being sponsored i.e. sport, team art, cause, event (e.g. Kids Triathlon).

Figure 1 – Sponsorship Leveraged Packaging Examples



In the FMCG industry, marketers are aware that most consumer purchase decisions are made at the point-of-sale or in the store (Harris 2000; POPAI Europe 1998; Martinez & Cardona 1997; Frontiers 1996). These types of purchases fall in the category of low-involvement purchases characterised by little cognitive investment by consumers, emotional decision making and low brand loyalty (Summers et al 2005). Some researchers suggest that sponsorship is particularly suitable for low involvement products such as FMCG (Lee 2005). Despite the widespread use of SLP by FMCG organisations, little empirical research exists to explain its impact on consumers’ attitudes toward the sponsor and their products. In addition, little research exists that explains the factors that impact consumer response toward SLP, or the relationship between these factors. This program of research will address these gaps in the known body of literature relating to sponsorship, packaging and marketing communications by empirically investigating the relationship between SLP and consumer attitudes and purchase intention. Therefore the following questions need to be answered: How does SLP (in FMCG context), effect consumer attitudes toward the sponsor and purchase intentions toward the sponsors’ products? What factors impact consumers’ attitudes towards the sponsoring brand and purchase intentions towards the sponsor’s products in relation to SLP? What relationships exist between the factors that impact on consumers’ attitudes towards the sponsoring brand and purchase intentions towards the sponsor’s products in relation to SLP?

Literature Review and Scope of Project

Sponsorship is a promotional activity that plays an important role in supporting an organisation’s attainment of communication objectives (Seguin 2007) and as such, is a legitimate element of a company’s communications mix alongside the traditional tools of advertising, public relations, sale promotion and personal selling (Tripodi 2001). Sponsorship has been defined as “... a fee paid to a *property* in return for access to the *exploitable commercial potential* associated with that *property*” (IEG 2000). Sponsorship involves two principle parties: (1) the sponsoring brand which is the organisation paying the fee to the property and (2) the sponsored property which refers to the party receiving the fee or the party being sponsored i.e. sport, team art, cause, or event. For the sponsored property, sponsorship provides opportunities to: have additional income; provide an enhanced product; align with companies for exchange; and enhance competitive advantage (Pitts & Slattery 2004). In comparison sponsorship provides the sponsoring company with opportunities for: advertising and publicising; influencing attitudes and purchase behaviours; creating brand awareness; and

aligning with events or products to enhance competitive advantage (Nicholls et al. 1999; Pitts & Stotlar 2002; Wilson 1997).

Sponsorship involves two principal activities. These are: (1) an exchange between sponsor and property, whereby the property receives compensation (i.e. rights fee) and the sponsor obtains the right to associate itself with the property; and (2) the sponsor leverages the association by developing marketing activities to communicate the sponsorship (Cornwell and Maignan 1998). Current research has noted that in order to achieve marketing objectives, sponsorship must be supported by leverage, typically including additional media advertising, promotions, operational support and client hospitality (Kearney 2003, Fahy et al 2004). Indeed, the latest sponsorship advice to marketers is that to be effective, leverage of at least 3 times the original sponsorship investment is actually required (Seguin 2005).

Theoretical Framework - Image Transfer

Both companies and researchers suggest that the support of sponsorship activities transfers the image of the sponsored event or property to the sponsor and benefits the image of the sponsoring company (Gwinner 1997). Industry figures suggest that it is possible to transfer brand image from property to sponsor, yet measurement of these image effects is often neglected (Thjomoe et al 2002). Managers frequently neglect this kind of sponsorship evaluation due to its complexity, and lack of resources (Thjomoe et al 2002). Importantly, management also neglects sponsorship evaluation because of the non-existing knowledge on methods for assessing the image transfer (association) (Thjomoe et al 2002). As a result, limited knowledge exists on what drives successful image transfer from property to sponsor.

The term 'image transfer' describes the transfer of associations to a brand or company sponsoring a property or activity (Gwinner 1997). Evidence suggests that sponsorship improves the image of a brand by flanking consumer beliefs about the brand and associating the brand to an event or organization that the target audience already values highly (Crimmins & Horn 1996; Otker & Hayes 1987; Nebenzahl & Jaffe 1991; Meenaghan & Shipley 1999). This then evokes positive feelings and attitudes towards the sponsor by consumers. In conceptualising how the transfer of associations occurs between brands, two theories of consumer learning have been widely used, schema theory and associative memory network. This research will use associative network memory theory and its role in image transfer as the theoretical basis for the program of research being proposed.

Associative Network Memory theory suggests that memory consists of individual pieces of information called nodes. Information is recalled from memory when a node is stimulated (de Groot 1989 cited in Smith 2004). Within a sponsorship context, an associative link is built between the sponsoring brand and the sponsored property. When an associative link is built between the sponsoring brand and the sponsored property, each is then part of the other's association set – a group of concepts which are meaningfully related to a target brand (adapted from Meyers-Levy 1989 as cited in Till 1998). Association with other entities is a particularly important concept for sponsorship, since sponsoring organisations are generally attempting to link some of the emotional associations with a property or event (e.g. enriching, prestigious, youthful, relaxing, enjoyable, disappointing, sophisticated, elite, etc) to their brand in the mind of those consumers exposed to the property or event (Gwinner 1997). Understanding this critical associative aspect of sponsorship may uncover important strategic insights for prospective sponsors, thus allowing sponsorship arrangements to be more effective and successful.

Although forming the theoretical basis for this study, ‘transfer of association’ or ‘image transfer’ are not measured in this study, rather the outcomes of the image transfer (in this case consumer attitudes toward the sponsor and purchase intentions toward the sponsor and their products) are examined. For this program of research, consumer attitudes toward the sponsoring brand and purchase intention towards the sponsors’ products are chosen as the variables of interest because of their great importance to marketers.

Brand attitudes

One of the common goals sought through sponsorship is the enhancement of consumer brand attitudes (McDaniel & Kinney 1996). Research highlights the importance that consumer attitude toward the sponsor has in effective sponsorship (Javalgi et al. 1994, Stipp & Schiavone 1996). Empirical evidence suggests that positive attitudes toward a sponsor are associated with intentions to: pay attention to; act favourably towards; and be willing to consider a sponsor’s product (Speed & Thompson 2000). Positive attitudes toward a sponsor have also been found to be positively associated with intentions to purchase a sponsor’s product (Speed & Thompson 2000). Therefore purchase intention is now discussed.

Purchase intention

Substantial evidence indicates that a consumer’s intention to purchase a product or service is predicted on two fronts (Alba & Hutchinson 1987); Brucks, 1985; Harlam, Krishna, Lehmann & Mela 1995; Laroche, Kim & Zhou 1996) The first of these influences is a positive attitude towards the brand itself (Laroche & Brisoux, 1989). The second influence in purchase intention is brand familiarity (Anand, Holbrook & Stephens 1988; Brucks 1985; Heath, 1990; Laroche et al, 1996; Zajonc & Markus 1982). Brand familiarity appears to be based on two factors: prior experience and brand exposure by other means. Prior experience, usually derived from the use of a brand been found to increase attitude strength and enhance the ability to discriminate between brands (Pope & Voges 2000). In addition to brand experience, two other factors have also been identified in the literature as important when investigating consumer attitudes toward sponsoring brands, these are now discussed.

Sponsored Property involvement: Research exists that supports the notion that active participants, live spectators of events or supporters of the sponsored property are likely to experience higher levels of gratitude in the form of some degree of intended buyer behaviour to sponsoring companies (Crimmins and Horn 1996; Erdogan and Kitchen 1998). Empirical evidence suggests that sponsored property involvement significantly affects image transfer (in this case - attitudes) (d’Astous & Bitz 1995). This suggests that the extent to which a consumer is involved with the sponsored property will positively affect the consumer’s attitude and purchase intention toward the sponsor and their products.

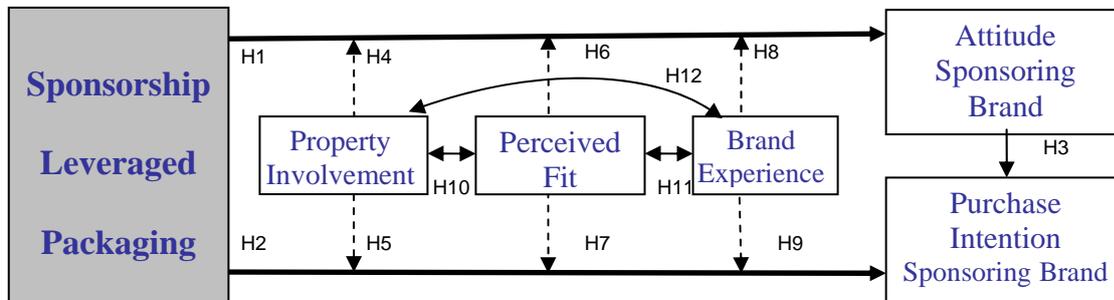
Perceived fit: Research suggests (Gwinner and Eaton 1999) that the transfer of image (in this case - attitudes) from the sponsored property to the sponsoring brand is higher when the event and sponsor are congruent in either functionality or image. Studies consistently suggest that the impact of a sponsorship is dependent on the fit between the recipient and the sponsor (McDaniel 1999). This suggests that as the extent to which a consumer perceives a fit between the sponsored property and the sponsoring brand, will positively affect the consumer’s *attitude* and purchase intention toward the sponsoring brand.

Theoretical Model - Consumer Response to SLP

The hypothesized impact of sponsorship leveraged packaging on consumer attitudes and purchase intentions towards the sponsor’s products can be described in a preliminary

conceptual model shown in figure 1. The model consists of one independent variable (sponsorship leveraged packaging); two dependent variables (attitude toward the sponsoring brand and purchase intention toward the sponsors products); and three variables that are suggested to impact the relationship between the independent and dependant variables (property involvement; property/sponsor fit; and brand experience). Hypotheses are summarized in Table 1.

Figure 1 Preliminary Conceptual model of Consumer Response to SLP



(Source: developed for this study)

Research Hypothesis

- H1. SLP will positively affect consumers' attitude toward the sponsoring brand.
- H2. SLP will positively affect consumers' purchase intention toward the sponsors' products.
- H3. There is a positive relationship between attitude and purchase intention to the sponsors' brand.
- H4. Attitude toward sponsor brand is positively affected by sponsored property identification.
- H5. Purchase intention toward sponsors' products is positively affected by property identification.
- H6. Consumers' attitude toward the sponsor brand is positively affected by property/sponsor fit.
- H7. Purchase intention toward the sponsor s' products is positively affected by property/ sponsor fit.
- H8. Consumers' attitude toward the sponsor brand is positively affected by brand experience.
- H9. Purchase intention toward the sponsors' products is positively affected by brand experience.
- H10. There is a relationship between sponsored property identification and perceived fit.
- H11. There is a positive relationship between property/sponsor fit and sponsoring brand experience.
- H12. There is a positive relationship between sponsored property identification and brand experience.

Proposed Methodology

In order to test this model and hypotheses, a preliminary research design incorporating a three stage program is proposed. Stage 1 is exploratory research using focus groups of consumers and in-depth interviews with industry spokespersons to clarify and confirm the proposed preliminary model. Stage 2 is explanatory research which will expose a number of consumers to sponsorship leveraged packaging under experimental conditions to test their reactions, attitudes and purchase intentions in relation to the sponsored brand. The research question under examination particularly suits an experimental approach as it seeks to describe a relationship between the use of SLP and consumer response towards SLP, allowing for the manipulation of independent variables and hypothesis testing and as such, is an appropriate method for this study. This methodology will also help to control for other confounding variables such as point-of-purchase advertising and displays, sales promotions, and broadcast and event advertising, allowing the researcher to uncover relationships from the communication vehicle (SLP) in isolation of other factors. The experiment will take the form of Solomon 4 group design. Brand experience will be tested within subjects using two branded and two unbranded (or fictitious) FMCG products. Between each stage the model will be adjusted to incorporate findings. Stage 3 will replicate the experiment conducted in stage 2 for control purposes and to ensure validity of findings.

Sampling Strategy

The population for this study can be defined as 'All FMCG (or grocery) shoppers in Australia'. For controlled experimental research, the sample size should be large enough to permit analysis, researchers suggesting between four and ten times the number of variables to be analysed (Hair et al 1992; Sekaran 2000). Further Roscoe (1975) indicates that a sample size of 30 or more ensures the benefits of the central limit theorem. Therefore the sample size for the 1st experiment is 120 participants (4 groups x 30 participants). Participants will be recruited from Toowoomba and surrounding areas through Chronicle and local radio ads. The same method of sampling will be used for Stage 3, though eliminating any individuals who might have participated in Stage 2.

Sponsorship Stimulus Material

In order to apply the experimental conditions, two presentations (one with SLP and one without SLP) will be prepared in consultation with packaging industry providers. The presentations will depict the packaging of the chosen leading brand, together with a mock-up packaging from a fictitious brand. However no other packaging promotions such as sales promotions, competitions, two for one offers, or give-aways will be used.

Experiment Procedure

A Solomon Four-Group Design combines a pre-test-posttest (before-after) with control group measure with a posttest only (after-only) with control group design. This design provides a means for controlling the interactive testing effect and other sources of extraneous variation.

The pretest-posttest groups can be represented as: Experimental group: R x O₁ Group 1
Control group: R O₂ Group 2
The posttest-only groups can be represented as: Experimental group: R x O₃ Group 3
Control group: R O₄ Group 4

R indicates that subject and treatment assignment is random, O is the measurement of the dependent variables (attitudes towards the sponsoring brand and purchase intention), and x is the experimental treatment, manipulating the absence/presence of sponsorship leverage on FMCG packaging.

Validity and Reliability Measures The Solomon Four-Group Design requires test conditions remain consistent across research groups; this ensures all participants are exposed to the same environment and administration of the experiment. The Solomon Four-Group Design requires four separate research groups, in which selection is randomized. Randomization assures that the impact of individual characteristics will not bias the results in any given treatment. The information gained in the exploratory stages of the research will guide the questionnaire development for the experimental stage, thus ensuring construct validity and content validity for the research as a whole. Convergent and discriminant validity as well as reliability will be tested through split half measure and calculating the correlation co-efficient Cronbach alpha. The principle limitation of using the proposed laboratory setting is the reduction in generalizability of the study to market conditions, thus affecting external validity.

Data Analysis

Structural equation modelling (SEM) will be used to analyse the data from the experiment. This program of research aims to test a model that examines the structural relationships between SLP and consumer attitudes and purchase intentions toward the sponsors' products as well as the factors that impact this relationship. SEM provides an estimation of multiple and interrelated dependence relationships; its ability to represent unobserved concepts in these relationships and correct for measurement error in the estimation process; and it defines a

model to explain the entire set of relationship (Hair et al., 2006). Other statistical techniques will also be considered such as descriptive analysis and test of differences.

Contribution of the Study to Research and/or Practice

This program of research can be justified on both theoretical and managerial grounds. This research builds on previous research conducted on sponsorship, contributing to the body of knowledge from a FMCG context. In addition, the effect of sponsorship leverage on consumer attitudes is relevant because sponsorship has become an increasingly visible element of the marketing communications mix and has been shown to be an effective tool with which to alter and enhance a company's image and reputation (Tripodi 2001 and Amis et al 1999). Given the current trend for large sponsorship leverage investments (Lardinoit & Derbaix 2001) it would be advantageous for organizations to establish how consumer attitudes are affected by SLP. FMCG organisations will then be able to measure SLP effectiveness and adjust their strategies and tactics to suit, in order justify continued spending on sponsorships and to differentiate competitive offerings.

Conclusion

Although sponsorship has become an increasingly important and popular means of promotion, previous research has not considered its contribution in a packaging context. Research suggests sponsorship leverage packaging may act in a similarly way to celebrity endorsement on product packaging, implying that FMCG brands may benefit from marketing strategies that communicate the sponsorship relationship on packaging. It is critical that brand managers identify the affect SLP has on consumer behaviour and evaluate the degree to which it can enhance communication of the sponsorship relationship in the marketplace. This paper outlines a framework of consumer response to SLP, proposing a three step process of exploratory and experimental methodologies. The outcomes from the research will contribute to a better understanding of sponsorship effects on consumer behaviour and provide managers with the means to develop more effective branding strategies and promotions.

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