PACKAGING EXPLOITATION IN FAST MOVING CONSUMER GOODS: CONSUMER PROCESSING OF SPONSORSHIP MESSAGES

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ABSTRACT

With global spending now exceeding US$500 billion, packaging is considered a critical strategic element for brand differentiation and identity. This paper examines consumer response to ‘sponsorship leveraged packaging’ (SLP), a marketing tool commonly used in the Australian FMCG Industry. Findings indicate that sponsorship messages depicted on FMCG packaging are predominantly processed incidentally, but that involvement with the sponsor increases the level of elaboration. These findings are exploratory in nature and additional empirical work is required to confirm how consumer’s process SLP.

INTRODUCTION

Fast moving consumer goods (FMCG) firms have regularly incorporated associations with other entities on their packing to gain consumer attention and to stimulate sales. Marketing strategies that incorporate such associations include: celebrity endorsement; cause-related marketing; and sponsorship (Garretson & Niedrich 2004). When engaging in these strategies, many Australian (and global) FMCG companies use a tactic known as sponsorship leveraged packaging (SLP). SLP involves depicting the sponsored property’s image or logos on the sponsoring brand’s packaging (e.g. Weetbix sponsorship of Kids Triathlon). Despite its widespread use, little empirical research exists to explain how SLP is processed in the minds of consumers and whether therefore, the tactic achieves its goals of gaining attention and stimulating purchase.

The primary contribution of this paper is the findings of the exploratory work which show that SLP on FMCG is processed incidentally by consumers using peripheral cues and processing actions. With worldwide packaging expenditures reaching US$500 billion (Runh 2005) and worldwide sponsorship spending reaching $30.5 billion (IEG 2005), and the growing trend for FMCG to use SLP, it becomes increasingly relevant for organizations to understand and measure the effect of SLP on consumer purchase behaviour and long-term brand loyalty. The FMCG industry worldwide is highly competitive and supermarkets are complex, cluttered arenas vying for consumer attention. Knowledge of the impact of SLP on consumers therefore becomes an important strategic marketing tool.
LITERATURE REVIEW

Internationalisation of business has increased the role and importance of packaging relative to other communication tools. Packaging takes on particular importance because of its: increased significance in buying decisions in-store; its presence at the critical moment of purchase decision; and its extensive reach to most purchasers of the product (Orth & Malkewitz 2006; Underwood & Klein 2002). Given this, and growing management recognition of the ability to create differentiation through packaging (Rundh 2005), packaging can provide a source of competitive advantage in today’s global market place. Capitalizing on the benefits of packaging and the commercial potential of sponsorship investment, SLP is widely used in the FMCG industry, to communicate sponsorship arrangements to consumers. In order to understand how consumers process SLP, a theoretical framework is now proposed.

Researchers use various theoretical approaches to explain how consumers process sponsorship messages such as: mere exposure; image transfer; congruence; and balance theory (e.g. Olson & Thjomoe 2003; Cornwell et al. 2003; Gwinner 1997). Given this study’s focus on low involvement FMCG products, a useful approach to understanding how consumers process marketing communications is provided by the elaboration likelihood model (ELM) of persuasion (Petty & Cacioppo 1986). In addition, two other models commonly referred to in sponsorship research, image transfer and associative memory network are used to explain how consumers process SLP.

The ELM proposes that when consumers are presented with marketing communications (ads, packaging etc), the information in that communication is processed by individuals using one of two routes to persuasion. In cases of “low” cognition and consumer involvement consumers are said to use the peripheral route to persuasion, where information cues peripheral to the central marketing message (pictures or visual imagery, music, celebrities, humour) are used by the consumer to make judgements about quality, purchase decisions and to develop emotional reactions to the message (liking versus dislike). In contrast, in situations of high involvement, where there is “high” cognition, motivation and diligence in processing information consumers would use the central route to persuasion where they would take note of the central marketing message being communicated to make judgements and purchase decisions. Consumers become motivated and able to elaborate marketing communications when the message content is perceived as relevant and when they have the knowledge and ability to think about the message.

Sponsorship has been suggested to be particularly suitable for creating differentiation at point of purchase for low involvement products such as FMCG (Lee 2005), given that low involvement decisions require consumers to choose between brands that have many common characteristics. Some authors have suggested that when faced with sponsorship messages consumers tend to
respond using peripheral cues (Gwinner 1997; Sandler & Shani 1989). In the case of SLP this would mean that to gain the attention of consumers: bright attractive visuals would be required (or other peripheral image items); attractive point of purchase displays would be essential; and the use of well known celebrities could attract attention. If consumers are more likely to process sponsorship information using peripheral cues, then the quality and relevance of the visual imagery used to depict sponsorship relationships needs to be carefully considered.

In addition to attracting attention, there has been considerable research attention devoted to sponsorship’s ability to develop and enhance the brand image of the sponsoring organisation (Grohs & Reisinger 2004; Grohs & Wagner 2004; Chien, Cornwell & Stokes 2005) with sponsorship activities known to transfer the image of the sponsored property to the sponsor and benefit the image of the sponsoring company (Gwinner 1997; Meenaghan & Shipley 1999). An important aspect for companies interested in the image transfer is how to leverage the sponsorship to derive the maximum amount of image transfer.

Sponsoring organisations are generally attempting to link some of the associations with the property or event (e.g. enriching, prestigious, youthful, relaxing, enjoyable, disappointing, elite, etc) to their brand in the mind of those consumers (Gwinner 1997). 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. In a sponsorship arrangement, consumers are exposed to a number of brand stimuli provided by the sponsors through the sponsoring agreement (e.g. broadcasts, advertising and promotions). Consumer perceptions of these stimuli may be associated with existing information about the brand and property stored in memory (Coppetti 2004).

In keeping with associative network memory theory, when a consumer is exposed to SLP, their feelings toward this stimulus should become associated with existing information about the brand and property stored in long-term memory. This should then result in attitudes toward a favoured property being transferred to the sponsoring brand. The challenge to marketers is to develop sponsorship relationships with organisations that are well known to and liked by consumers so that this transfer of attitudes occurs. Similarly if organisations pair with successful and well known sponsorship properties, this further increases the likelihood that consumers will process information about that relationship (SLP) using central message cues and cognitive decision processing.

Enhancing consumer brand attitudes towards a company are one of the most common reasons companies engage in sponsorship (McDaniel & Kinney 1998). This perspective has been well supported by both experimental and survey based sponsorship research, which has highlighted the importance of attitude
toward the sponsor in effective sponsorship (Javalgi et al. 1994; Stipp & Schiavone 1996). Empirical evidence also suggests that positive attitudes toward a sponsor are associated with attention and purchase intentions towards a sponsor’s product (Cornwell & Coote 2005; Speed & Thompson 2000). This would indicate that to understand consumer response to SLP, purchase intentions should be examined.

Purchase Intentions are formed on the basis of many factors, including: perceptions about attributes such as quality; endorsement by an association; identification with the sponsored property; and attitudes that have been formed towards the brand (Westberg & Pope 2005). Results of previous research investigating the effect of sponsorship on purchase intention have found that sponsorship is directly effective in influencing purchase intentions towards sponsor’s products (Crimmins & Horn 1996). However some researchers are still unconvinced that sponsorship influences purchase intentions [or sales] (e.g. Cornwell & Maignan 1998; Hock et al. 1997; Wilson 1997) pointing to a need for further research to clarify the effect of SLP on consumer behaviour.

Empirical evidence suggests that sponsored property involvement also significantly affects image transfer (d’Astous & Bitz 1995). When consumers are emotionally involved with a sponsored property and identify with it, it may lead to a strong sense of attachment with the sponsor (Sirgy et al. 2007; Gwinner & Eaton 1999) and supporters of the sponsored property are likely to exhibit higher levels of purchase intention toward sponsors (Crimmins & Horn 1996; Erdogan & Kitchen 1998). 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.

Summarising then, given the low involvement context of this study, it would be expected that consumers will process SLP messages through the peripheral route. However previous research suggests that this processing would be impacted by sponsored property identification. In order to determine how consumers process SLP messages and what factors impact that processing, exploratory research was carried out to answer the research question of, ‘How are SLP messages processed by consumers and what factors impact this processing?’

RESEARCH DESIGN

The comparative scarcity of research focusing on SLP indicates that both exploratory and explanatory research is needed. Therefore to gain insights into SLP, to check for completeness of the conceptual framework and to inform the process for measurement development, focus groups were chosen as an appropriate method of gaining rich information. To overcome the shortcomings of focus groups such as respondent inhibition, over-claiming, and group think
(Stokes & Bergin 2006), semi-structured depth interviews with consumers were also used. Two focus groups and eight interviews were conducted. Participants were recruited through a convenience sampling method, from a variety of demographic and socio-economic groups, ensuring a cross section of the target population defined as ‘all household shoppers living in Australia’. As richness and depth of information was a key objective of conducting this exploratory research, randomization was not considered critical.

Participants were initially questioned regarding general grocery shopping habits before completing an unaided recall exercise, listing packaging promotional campaigns that they could remember (e.g. celebrity endorsement, gift inclusions, cause marketing, sponsorship). Participants were then shown a variety of packages depicting promotional campaigns and were asked questions regarding their perceptions of the packages. The discussions from the focus groups and depth interviews were transcribed and a summary of the main themes was prepared (Berlson 1971). The results are now discussed.

RESULTS

In the focus groups there were twelve participants (9 female, 3 male) aged between 31 and 55 years. They were divided into two homogeneous groups, with similar distributions of age and family life cycle. Eight depth interviews were conducted, consisting of 6 females and 2 males aged between 30 and 45 years. Participant profiles are provided in table 1. The results are divided into five themes and each is presented in turn: consumer response to FMCG packaging; consumer response to SLP; sponsored property identification; sponsoring brand loyalty; and exposure to other promotion and media.

Consumer response to FMCG packaging. Participants in both the focus groups and interviews identified price, brand name, quality and consistency as particularly important when choosing FMCG (fast moving consumer goods) products. Participants indicated that the packaging elements they saw as important in their choice of brand included: ingredient and nutritional information; volume/package size; colour, country of origin and promotional giveaways.

In the unaided recall exercise, some promotional campaigns were recalled (e.g. gifts, Heart Foundation ‘tick’); yet no sponsorship or CRM packaging campaigns were recalled. When shown the stimulus packages, most participants recognised the campaigns, including those with SLP.

Consumer response to SLP. Participants indicated that they believed that they were generally unaffected by SLP e.g. participants showed little interest by commenting, ‘I never look at packaging… I take absolutely no notice of those campaigns’ and ‘as long as it [the packaging] keeps the product fresh I do not really have any interest’. One participant believed that sponsorship strategy was
nothing more than an ‘advertising gimmick’. While another participant suggested that some people might be affected by SLP but she wouldn’t be. Although most participants felt they were not influenced by SLP, they were able to suggest when it might be more effective, with comments such as:

- ‘… it might work better depending on what sporting season was current’
- ‘… [SLP] might reinforce advertising at events etc. People who go to the game or watch a game might see the [brand] logo, the kids will go to the shop and ask for it’
- “If it was a new product you were not familiar with, it might be effective”.

The results suggest that consumers do not consciously process sponsorship messages on packaging. This would indicate that the majority of consumers are most likely processing SLP information incidentally and using peripheral cues such as relevance to season, associated point of purchase displays and so on. The short-term and transitory involvement with both product category and the sponsorship appear to be the norm and supporting this notion is the fact that there was little evidence that information was stored in the long-term memory. Further, these results also confirmed that there are a number of factors that affect how consumers respond to SLP. These factors are discussed in more detail.

**Sponsored Property Identification.** Some participants indicated that their involvement with a favourite property would impact their response to SLP. One participant indicated that they were influenced by the sponsorship of a favourite property and recognized this relationship through the pictures on the grocery product “If the product is good value, then I would probably buy it out of a sense of altruism”. Similarly, another participant suggested, “… I feel that by purchasing the product I am helping out a cause I support.” One participant suggested that SLP might influence them to a small extent if deciding between two products “… in making a decision between both, then it might ‘tip the balance’ for the one with the sponsor if I liked or if I supported that cause.” Therefore, it would appear that sponsored property involvement is a key factor in processing of SLP, particularly in cases of high sponsored property involvement and low brand loyalty.

**Sponsor Brand Loyalty.** Participants indicated that there were some categories of products for which they were extremely brand loyal, including coffee, toilet paper, breakfast cereals; and tinned vegetables. In cases where there was a high degree of brand loyalty, participants indicated that they did not consider alternative brands at all and therefore any SLP on those brands, even for properties they supported, were unlikely to gain their attention or impact their purchase decisions.

**Exposure by other promotions and media.** The findings indicate that consumer processing and response to SLP is affected by exposure to other promotions and media. As sponsorship often occurs in conjunction with other promotional activities such as advertising, in-store merchandising and sales promotion, the task of isolating its precise effects is challenging (Hoek &
Gendall 2001). Therefore these results support the view that consumer response to SLP is generally a combination of information stored in memory from other marketing communication efforts (associative memory networks) as well as reactions to the packaging as seen in store.

DISCUSSION

In sum, the participants in the exploratory stage of this research strongly suggested that they were not conscious of paying particular attention to sponsorship messages depicted on packaging of FMCG. Supporting this claim, the unaided recall for this form of marketing activity was very poor. When prompted however, recall improved and participants appeared to be familiar with the concept of SLP.

Further respondents indicated that their response to SLP is most likely impacted by: the specific groups or properties that they were involved with; their brand loyalty to the sponsoring brand; and other media coverage/promotional efforts of the sponsorship arrangement. This is supported by prior research which suggests that the greater the interest in the property, the greater the degree of processing, which in turn increases the likelihood of transfer of associations from property to sponsor, thereby directly and positively influencing consumer responses to the sponsorship activity (Grohs & Reisinger 2005).

In cases where consumers are not loyal to a brand, this is where SLP appears to provide a point of differentiation. Participants indicated that in some categories where they were ‘somewhat’ loyal to particular brands they were more prone to switching brands depending on other promotions and media. This is supported by the literature that suggests that decision making in FMCG follows a low involvement pattern with little or moderate effort is spent when considering various alternatives and that these decisions are most likely to be influenced by other promotions and media (Summers et al. 2005). This would suggest that to examine the specific contribution SLP makes towards consumer attitudes and purchase intentions, it would be necessary to control for exposure to other promotions and media. This is discussed further in future research directions.

This discussion provides direction for developing hypotheses related to consumer response to SLP to guide future research. The hypothesized impact of SLP 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 four independent variables (elaboration; sponsored property identification; perceived fit; brand loyalty) and two dependent variables (attitude and purchase intention toward the sponsor’s products). This model proposes that sponsorship leveraged packaging is processed either consciously (central route) or unconsciously (peripheral route) and that elaboration of SLP is affected primarily by sponsored property identification. It is proposed in this model that shoppers of FMCG are more likely to use the
central route or high elaboration to process SLP messages when sponsored property involvement is high. Further, it is proposed that when the central route is used to process SLP messages, there is likely to be a strong positive impact on existing attitudes toward the sponsor. In turn these attitudes toward the sponsor strengthen and increase the likelihood of purchase intention.

Secondly, it would appear that elaboration of SLP is also affected by brand loyalty, such that when sponsoring brand loyalty is high, shoppers will process SLP peripherally. However when brand loyalty is low and shoppers exert some effort into making a decision before choosing a product, when sponsored property identification is high, there is likely to be a strong positive impact on existing brand attitudes.

Thirdly, although perceived fit between the sponsored property and sponsoring brand was not found in this study to be a crucial factor in consumer response to SLP, it is considered to be extremely important in the relevant theory relating to sponsorship and therefore it is retained for further testing in the conceptual model. Researchers suggest that the transfer of image from sponsored property to sponsoring brand should be higher when the property and sponsor are congruent in either functionality or image (Gwinner & Eaton 1999; McDaniel 1999). In high degrees of perceived fit there is likely to be a strong positive impact on attitudes toward the sponsor. Overall, the literature and exploratory research conducted so far enables a number of hypotheses to be formulated. These are summarized in table 2.

**FUTURE RESEARCH DIRECTIONS**

Calls for better measurement in sponsorship research have been made for some years and one area in need of particular attention lies in the interchange of sponsorship and consumer behaviour (Ali et al. 2006) and how the image of the property transfers onto the sponsoring organisation (Close et al. 2006). Further, researchers have made a call for well-controlled experimental studies to better investigate the processing of sponsorship communication stimuli (Cornwell et al. 2005; Dudzik & Groppel-Klein 2005; Sneath et al. 2005) and in particular experimental studies that are able to separate the effects of the sponsorship from the effects of other promotional activities (Sneath et al. 2005).

Given the preliminary findings from the experimental work conducted to date on this topic and reported here, it is important to progress to an empirical testing stage where the interrelationships of the factors in this proposed model can be confirmed and quantified. It is proposed that this call for better measurement in sponsorship research can also be addressed by adopting an experimental approach in the next stage of this research project.

It is proposed that this approach will take the form of Solomon Four Group Design – pretest-posttest (group 1) with control (Group 2)/ post-test only (group 3) with control (group 4); with 1 treatment condition - products with
sponsorship leveraging and (control) products without sponsorship leveraging. The use of Solomon’s Four Group experiment will help to control for other confounding variables such as other promotions, and broadcast and event advertising. This will allow the researcher to uncover relationships from the communication vehicle (SLP) in isolation.

**Conclusion**

This paper has presented a theoretical framework for consumer response to SLP based on the elaboration likelihood model, image transfer and associate network theories. Although findings from exploratory research indicate that sponsorship messages incorporated on packaging of FMCG goods are mainly processed through a peripheral route of persuasion, further research is needed to clarify under what conditions this holds true given that there was some support for the impact of sponsored property identification, brand loyalty and exposure to other promotional messages being relevant to this outcome. The planned program of empirical research proposed in this paper addresses this question.
Table 1 - Focus Group and Depth Interview Participant Profiles

<table>
<thead>
<tr>
<th></th>
<th>Focus Group 1</th>
<th>Focus Group 2</th>
<th>Interviews</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of subjects</td>
<td>5</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>Females (%)</td>
<td>100%</td>
<td>57%</td>
<td>75%</td>
</tr>
<tr>
<td>Males (%)</td>
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<td>43%</td>
<td>25%</td>
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<tr>
<td>Age range/mean</td>
<td>34-42/38</td>
<td>31-55/45</td>
<td>30-45/35</td>
</tr>
<tr>
<td>Important choice elements</td>
<td>Price, quality, value for money</td>
<td>Price, quality, consistency in quality</td>
<td>Price, consistency in quality, new products</td>
</tr>
<tr>
<td>Important packaging elements</td>
<td>Ingredients, volume, promotions (giveaways)</td>
<td>Healthiness, colour, brand names,</td>
<td>Nutritional info, country of origin ingredients,</td>
</tr>
<tr>
<td>Interest in SLP</td>
<td>Ranged from not at all interested to very interested if accompanied with gift</td>
<td>not at all interested</td>
<td>Ranged from not interested to interested depending on cause</td>
</tr>
</tbody>
</table>

Table 2 Research Hypothesis – Consumer Response to SLP

H1(a) In cases of high sponsored property involvement, shoppers of FMCG are more likely to use the central route or high elaboration to process SLP messages.

H1(b) In cases of low brand loyalty and high sponsored property involvement, shoppers of FMCG are more likely to use central route or high elaboration to process SLP messages.

H2 When the central route is used to process SLP messages there is likely to be a strong positive impact on existing attitudes toward the sponsor.

H3 When the central route is used to process SLP messages, attitudes toward the sponsor would strengthen and increase purchase intention toward the sponsor’s products.

H4 In the case of high degrees of perceived fit there is likely to be a strong positive impact on existing attitudes toward the sponsor.

H5 In cases of high sponsor brand loyalty, shoppers of FMCG are more likely to use the peripheral route or low elaboration to process SLP messages.

H6 When the peripheral route is used to process SLP messages there is likely to be no impact on existing attitudes toward the sponsor.

H7 When the peripheral route is used to process SLP messages there is likely to be no impact on purchase intention toward the sponsor’s product.

Figure 1 Preliminary conceptual model of Consumer Response to SLP

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