

Consumer Awareness of Sponsorship – a FMCG context

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Abstract

Investigation of marketing expenditure during the late 90s and early 00s shows an increase in the use of sponsorship by both large and small companies. Despite its widespread use, sponsorship leveraged packaging (SLP) has received little research attention. As a result, there is little understanding of what to expect when SLP is used and how to maximise its impact on consumers. This paper reports findings relating to consumer awareness of SLP, part of a larger study. Findings indicate that sponsorship leveraging on FMCG packaging significantly impacts consumer response to sponsorship, however prior awareness of the sponsorship appears to have little impact. The understanding provided in this paper has strategic relevance for brand managers in guiding sponsorship and package design decisions.

Keywords: sponsorship, consumer behaviour, marketing communications, packaging

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Introduction

In the last decade sponsorship has become a mainstream marketing communications tool with worldwide sponsorship spending reaching US\$33 billion (IEG 2007). However, the rapid growth of corporate sponsorship has led to the emergence of ‘sponsorship clutter’ reflecting the intense competition for sponsorship of certain properties (Fahy, Farrelly & Quester 2004). As the market for sponsorship itself becomes intensely competitive and challenging to gain competitive advantage, it is essential that sponsorship investments be carefully managed to ensure their effectiveness.

One type of sponsorship leverage that is widely used in the Australian Fast Moving Consumer Goods industry (FMCG) is sponsorship leveraged packaging (SLP). SLP involves depicting the sponsored property’s image and logos on the sponsoring brand’s packaging (Woodside & Summers 2008). As effectiveness of sponsorship has been shown to be a direct result of the degree to which the sponsors are willing to leverage the sponsorship, it would be advantageous for organizations to establish how consumer response is impacted by SLP. This paper specifically addresses these gaps in the literature relating to sponsorship, packaging and marketing communications by empirically investigating the relationship between SLP and consumer behaviour. In doing so the following question will be answered: What impact does consumer awareness of a sponsorship arrangement have on consumer response to SLP?

Literature Review

Sponsorship involves two principal activities: (1) an exchange between sponsor and property, where the property receives compensation and the sponsor obtains the right to ‘associate’ itself with the property; and (2) leverage by the sponsor of this ‘association’ by developing marketing activities to communicate the sponsorship (Cornwell & Maignan 1998). The ‘association’ component is particularly important to sponsorship, since some of the associations linked with the property may be linked in memory with the brand (Keller 1993). These associations may then secure top-of-mind awareness of the brand, create greater preference for the brand and lead the consumer to purchase the brand (Tripodi 2001). In the FMCG industry, marketers are aware that most consumer purchase decisions are made at the point-of-sale or in store (Harris 2000). These types of purchases belong to the category of low-involvement purchases characterised by: little cognitive investment by consumers; emotional decision making; and low brand loyalty (Summers et al. 2005). It has been suggested that sponsorship is particularly suitable for low involvement products (e.g. FMCG (Lee 2005), given that these purchase decisions require consumers to choose between brands with common characteristics. Sponsorship messages, particularly when displayed on FMCG packaging, are thought to provide important cues for consumers to differentiate products in order to make purchase decisions. Thus, SLP is used by marketers to provide differentiation at the point-of-sale and aid in building and reinforcing valuable brand associations.

How does sponsorship work?

There are two theoretical frameworks that help to explain how sponsorship works as a marketing tool. The first, ELM, explains how consumers process the sponsorship information and then transfer meaning from this process. The second, Brand Image Transfer, explains

how consumers use emotional and attitudinal processes to assign meaning to sponsorship arrangements. The elaboration likelihood model of persuasion (ELM) (Petty & Cacioppo 1986) explains that consumers process marketing communications such as advertising and sponsorship on a continuum ranging from “low” cognition, motivation and consumer involvement (peripheral route) to extensive elaboration, motivation and high involvement (central route). When this process is combined with the use of sponsorship as a marketing tool, consumers are motivated to elaborate when the message content (in this case sponsorship leveraging) is perceived as relevant and when they have the knowledge and ability to think about the message. Thus, it is assumed by users of SLP, that if marketing messages are processed through the central route, then attitudes toward the property and sponsoring brand may be more enduring and may have a greater capacity to affect purchase intentions.

Several studies support that sponsorship is an effective tool in increasing brand awareness levels (Johar and Pham 1999; Rifon et al. 2001; Speed and Thompson 2000; Apostolopoulou & Papadimitriou 2004; Chadwick & Thwaites 2005). By increasing consumer awareness, sponsors try to influence the development and depth of brand association and increase the chance that consumers will select a brand or product (Crompton 2004). In sponsorship arrangements, sponsors seek to increase consumer awareness of their products through sponsorship communications. Consumers are exposed to a number of marketing messages such as sponsorship advertising, event signage and point of sale promotions such as SLP. When exposed to these messages, pre-existing consumer feelings and attitudes are then transferred to the sponsoring brand. This transference of pre-existing feelings and attitudes from property to sponsor is known as Brand Image Transfer (Grohs & Reisinger 2005; Smith 2004).

The emotional association that consumers can have with a favourite property is particularly important to sponsorship. When consumers are emotionally involved with a sponsored property and identify with it, it may also lead to a strong sense of attachment with the sponsor (Sirgy et al. 2007; Gwinner & Eaton 1999) (e.g. the fanatic loyalty of a Cricket Team fan, or the strong affinity by a breast cancer sufferer toward a Breast Cancer Foundation). This emotional attachment is termed sponsored property identification. Empirical evidence suggests that sponsored property identification significantly affects image transfer from sponsored property to sponsoring brand (Cornwell & Coote 2005; Daneshvary & Schwer 2002; Meenaghan 2001; Madrigal 2000). Further, sponsored property identification leads to more detailed information processing where the consumer learns more thoroughly about the connection between the property and its sponsor (Grohs & Reisinger 2005). This suggests that the greater the interest in the property, the greater the degree of information processing, increasing the likelihood of transfer of associations from property to sponsor. This then influences consumer response to that sponsorship.

How do consumers respond to Sponsorship?

There are two schools of thought in the marketing literature concerning sponsorship's effect on consumer behaviour. One school is based on the hierarchical model of effects by Lavidge and Steiner (1961), whilst the other is derived from Ehrenberg's (1974) awareness, trial, and reinforcement (ATR) advertising model. This study is based on the ATR framework as there is evidence supporting the functioning of sponsorship in a FMCG context via this model (Hoek & Gendall 2003). In spite of this, the results indicate that the increase in the overall attractiveness of a brand due to the impact of sponsorship is small, insignificant and insufficient to attract new users to the brand (Hoek and Gendall 2003).

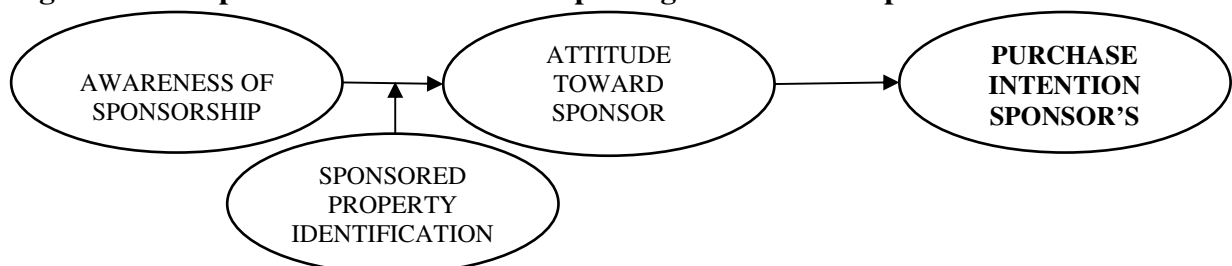
Specifically it is suggested that sponsorship particularly in FMCG, is unlikely to prompt new behaviour, but may make existing brand choices slightly more attractive. In a FMCG context these findings are likely to be significant as the impact of sponsorship leveraged packaging will need to rely on peripheral cues and pre-existing emotional attachment/identification with the sponsoring property to have an impact. If that impact is reinforcing existing attitudes and brand choices rather than prompting new purchases, then marketers would be well advised to question the use of this marketing tool in this context.

Given the importance companies place on consumers' ability to remember the sponsorship and its importance as a key objective, awareness of sponsorship is a critical aspect for organisations to manage. Some authors suggest that awareness is the first stage in the sequence of sponsorship benefits (Crompton, 2004). If this is the case and awareness is not achieved, sponsors will not be able to meet their subsequent objectives, such as image enhancement, purchase intentions and increased sales. Therefore it is particularly important to determine whether SLP has the capacity to create awareness, reinforce or improve existing brand attitudes or increase purchase intent. Such information would help marketers to understand which sponsorship arrangements have the greatest potential to create higher purchase intention among consumers.

The comparative scarcity of research focusing on SLP indicated that this proposed research question required exploratory research, to gain a richer understanding of the underlying consumer behaviour in relation to sponsorship leveraged packaging. Preliminary findings from exploratory work (focus groups, depth interviews, qualitative survey) indicated that the respondents did not pay much conscious attention to sponsorship messages depicted on packaging in FMCG. Unaided awareness and recall of specific campaigns was very poor with only a few respondents being able to accurately list current sponsorship campaigns on FMCG packaging. Those respondents recalled such campaigns as sponsorship of the Olympics and the National Breast Cancer Foundation. Although unaided recall of sponsorship campaigns was poor, respondents did recognise sponsorship packaging when shown current marketplace examples, and indicated that they had occasionally bought such products. Other respondents indicated that they might be influenced to try a product if it had SLP that supported a favourite cause. In this respect, it would appear that consumer response to SLP may be impacted by the level of involvement or identification with a particular property.

From this discussion, a conceptual model has been developed that proposes the relationship between awareness of sponsorship and consumer response to that sponsorship (see figure 1). The model consists of one independent variable: awareness of sponsorship and two dependent variables: attitude toward the sponsoring brand and purchase intention toward the sponsor's product. Sponsored property identification is proposed to moderate this relationship.

Figure 1 Conceptual model of Factors Impacting Consumer Response to SLP



Research Methodology and Findings

In order to progress to an empirical testing stage where the interrelationships of the factors in this proposed model can be confirmed and quantified, a self-administered survey was used. With the majority of Australian children regularly eating breakfast cereals (Woods & Walker 2007), and the majority of breakfast cereal promotion being targeted at children (Chapman et al. 2006), a judgment was made that school networks would provide access to a considerable number of families (and thus household shoppers). Questionnaires were administered to each family at the schools together with an instruction to return the completed questionnaire back to the school within a one week time frame. As a result, 206 usable surveys were collected

The data was analysed using SPSS (descriptive analysis, tests of differences and multiple regression). Scales were adapted from previous sponsorship studies. Awareness of the specific SLP example was determined through dichotomous (yes/no) response. Sponsored property identification was measured using 5-point Likert scales ('1'=strong agreement, '5'=strong disagreement) sourced from Speed & Thomson (2000); Grohs et al. (2004) and Gwinner & Swanson (2003). Scales for consumer response were sourced from Cornwell & Coote (2005); Gwinner & Swanson (2003) and Speed & Thomson (2000).

To determine if leveraging sponsorship through FMCG packaging impacts consumer response to SLP, regression analysis was conducted. Results suggest that the attitude variables 'favourable', 'likes sponsor more' and 'improves perception' are all significantly positively related to purchase intention (particularly buying more of the sponsored product than unsponsored product). The variable 'favourable' had a beta value of .331 ($p = .007$), the variable 'likes sponsor more' had a beta value of .233 ($p = .021$) and 'improves perception' had a beta value of .258 ($p = .000$). When combined in a multiple regression test, the variable 'favourable' was significant with beta of .430, variables 'likes sponsor more' and 'improves perception' were not significant (suggesting item redundancy). These findings indicate that leveraging sponsorship through packaging positively impacts purchase intention in FMCG.

To determine the impact of awareness on consumer response to SLP, the sample was divided into two groups: respondents who indicated they were aware of the selected sponsorship and those who were not. The aware group consisted of 66 respondents (33% of the sample) and the unaware group consisted of 135 respondents (67% of the sample). The aware group indicated that leveraging sponsorship on packaging of FMCG did influence their response to that sponsorship. Forty-two percent ($n=28$) of the aware group agreed with the statement "*This sponsorship makes me feel more favourable towards the sponsoring brand*". Twenty-five percent ($n=17$) of the aware group agreed with the statement "*This sponsorship makes me like the sponsoring brand more than before*". Importantly, twenty-nine percent ($n=40$) of the unaware group indicated they had a more favourable opinion of the sponsoring brand than before. Fifteen percent ($n=20$) of the unaware group indicated the sponsorship made them like the sponsoring brand more than before.

Results of t-tests to determine statistical differences between the groups indicate that there were no significant differences between the aware and unaware groups for attitude towards the sponsor. Further analysis indicates that Sponsored Property Identification has an impact on Consumer Response to SLP. To determine if the impact is through an indirect path with awareness, a regression analysis was conducted. Findings indicate that the variable '*If a company sponsored [property], it would positively influence how I felt about that company*' has an indirect impact on consumer response through awareness ($p=.000$; $\beta=.311$).

In relation to purchase intention, sixty-six percent (n=44) of the aware group indicated that they were likely to purchase the sponsored product. Thirty percent (n=20) of the aware group indicated they would buy more of the sponsored product than an un-sponsored. Thirty-one percent (n=43) of the unaware group indicated they were very likely or likely to buy the sponsored product and twenty percent (n=28) indicating they would buy more of the sponsored product than an un-sponsored product. Results of t-tests to determine statistical differences between the groups indicate that there were no significant differences between the aware/ not aware groups for likelihood of purchasing the sponsored product.

Discussion and Implications

The findings reported above as part of a larger study indicate that leveraging sponsorship on FMCG packaging does impact consumer response to sponsorship. Respondents from both the aware group and the unaware groups indicated positive improvements in attitude and purchase intentions towards the sponsors' products. However, the t-tests showed no significant differences between the aware group and unaware group. Thus, prior awareness of the sponsorship arrangement does not significantly impact consumer response to sponsorship leveraged packaging. These findings are similar to Alexandris et al. (2008) where respondents reported positive attitudes toward sponsorship regardless of awareness.

In previous studies awareness has been shown to be impacted by high property identification (Meenaghan 2001; Grohs et al. 2004). In this study, Sponsored Property Identification had an indirect impact on consumer response through awareness. This would suggest that when a consumer who identifies highly with the sponsored property is aware of the sponsorship their attitudes and purchase intention towards the sponsor will be higher than a consumer who identifies highly with the sponsored property but is not aware of the sponsorship.

As ninety-three percent of the companies involved with sport sponsorship have a primary objective of increasing product awareness (Koo 2008), it is becoming increasingly important to determine how awareness impacts consumer response to sponsorship in a FMCG context. This study shows that it is imperative that companies not only focus on brand awareness, but also continually determine if their marketing message is creating a favorable disposition among consumers. Some sponsorship researchers have found strong support for attendees' willingness to buy sponsor branded products as a result of the sponsorship (Cornwell & Coote 2005; Sneath et al, 2005; Pope & Voges 1999). This paper confirms that sponsorship leveraging on FMCG packaging impacts consumer response to sponsorship, suggesting that corporations and sponsoring brands benefit from increased leveraging of the sponsorship. However, the findings relating to awareness undermine a popular assumption that exposure to sponsorship promotion is a key determinant of sponsorship success (Smith 2008). This indicates that whilst SLP may be able to generate awareness of sponsorship, awareness itself has little impact on consumer response to sponsorship.

Conclusion

Although sponsorship has become an increasingly important and popular means of promotion, previous research has not considered its contribution in a packaging context. Importantly, researchers suggest that it is critical to reinforce awareness of the relationship between the sponsoring brand and sponsored property. Whilst SLP (in FMCG) provides opportunity to inform consumers about sponsorship relationships, this study clearly indicated that awareness alone does not guarantee improved attitudes or purchase intention. Future research might consider interaction effects from other sponsorship marketing communications.

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